

# Annual Report

2017-2018



**Date of AGM:** September 28, 2018

**IDBI Asset Management Limited** (Investment Manager to IDBI Mutual Fund) CIN: U65100MH2010PLC199319

**Regd. Off.:** IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400 005

**Corp. Off.:** 4th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400 005



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# IDBI ASSET MANAGEMENT LIMITED

CIN: U65100MH2010PLC199319

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

(as on 27<sup>th</sup> September, 2018)

Shri. Krishna Prasad Nair (02611496)	<b>Chairperson</b>
Shri. Abhay Laxman Bongirwar (00660262)	<b>Nominee Director</b>
Shri. Annavarapu Venkat Rammurty (00050455)	<b>Independent Director</b>
Ms. Geeta Pursappa Shetti (02948958)	<b>Independent Director</b>
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (05155598)	<b>Independent Director</b>
Shri. Arvind Kumar Jain (07911109)	<b>Additional Independent Director</b>
Shri. Dilip Kumar Mandal (03313130)	<b>Managing Director &amp; CEO</b>

### AUDIT COMMITTEE

(as on 27<sup>th</sup> September, 2018)

Ms. Geeta Pursappa Shetti (02948958)	<b>Independent Director (Chairperson)</b>
Shri. Annavarapu Venkat Rammurty (00050455)	<b>Independent Director</b>
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (05155598)	<b>Independent Director</b>
Shri. Arvind Kumar Jain (07911109)	<b>Additional Independent Director</b>

### NOMINATION AND REMUNERATION COMMITTEE

(as on 27<sup>th</sup> September, 2018)

Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (05155598)	<b>Independent Director (Chairperson)</b>
Shri. Abhay Laxman Bongirwar (00660262)	<b>Nominee Director</b>
Shri. Annavarapu Venkat Rammurty (00050455)	<b>Independent Director</b>
Ms. Geeta Pursappa Shetti (02948958)	<b>Independent Director</b>
Shri. Arvind Kumar Jain (07911109)	<b>Additional Independent Director</b>

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(as on 27<sup>th</sup> September, 2018)

Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (05155598)	<b>Independent Director (Chairperson)</b>
Shri. Annavarapu Venkat Rammurty (00050455)	<b>Independent Director</b>
Ms. Geeta Pursappa Shetti (02948958)	<b>Independent Director</b>
Shri. Arvind Kumar Jain (07911109)	<b>Independent Director</b>
Shri. Dilip Kumar Mandal (0333130)	<b>Managing Director &amp; CEO</b>

Shri. Amit Bhavsar (FCA108590) **Chief Financial Officer**

Shri. Chandra Bhushan (ACS30954) **Company Secretary**

**Registered Office:** IDBI Tower, WTC Complex, Cuffe Parade, Mumbai - 400 005

**Corporate Office:** 4th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Mumbai - 400 005

**Statutory Auditors:** M/s C. R. Sagdeo & Co, Chartered Accountants, 306, 3rd Floor, Mayuresh Cosmos, CBD Belapur, Sector 11, Plot 37, Navi Mumbai - 400 614

**Secretarial Auditors:** M/s. Makarand M. Joshi & Co. Ecstasy, 803/804, 9th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai - 400 080

**Internal Auditors:** M/s. Shah Gupta & Co., 38 Bombay Mutual Building, 2nd Floor, Dr. D.N. Road, Fort, Mumbai - 400 001

**NOTICE OF  
ANNUAL  
GENERAL  
MEETING**

## **NOTICE**

**NOTICE** is hereby given that the Eighth Annual General Meeting of the members of IDBI Asset Management Limited will be held on Friday, 28<sup>th</sup> day of September, 2018 at 12.30 P.M. in the Small Conference Room, 24<sup>th</sup> Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba Mumbai - 400 005 to transact the following business: -

### **ORDINARY BUSINESS**

#### **Item no 1: Adoption of Financial Statement.**

To receive, consider and adopt the Audited Financial Statement of the Company consisting of Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year ended on that date and the reports of the Board of Directors' and the Statutory Auditors' and the Comptroller & Auditor General of India thereon.

#### **Item no 2: To fix the remuneration of the Statutory Auditors.**

To consider and, if thought fit, to pass the following Resolution, as an **Ordinary Resolution**: -

**“RESOLVED THAT** the Board of Directors of the Company be and are hereby authorized to decide, negotiate and finalise the remuneration of the Statutory Auditors of the Company as appointed by the office of Comptroller and Auditor General of India (C&AG) pursuant to the provisions of Section 139(5) and other applicable provisions, if any, of the Companies Act, 2013, up to an amount as may be recommended by the Audit Committee and at the discretion of the Board, for the year 2018-19.”

#### **Item no. 3: Re-appointment of Director liable to retire by rotation.**

To appoint a Director in place of Shri Abhay Laxman Bongirwar (*DIN:00660262*), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, seeks re-appointment: -

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**: -

**“RESOLVED THAT** Shri Abhay Laxman Bongirwar (*DIN:00660262*), Director of the Company, who retires by rotation and being eligible, has offered himself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

### **SPECIAL BUSINESS**

#### **Item no 4: Confirmation of appointment of Shri Arvind Kumar Jain (DIN: 07911109) as Independent Director of the Company.**

To consider and, if thought fit, to give your assent or dissent to the following Resolution, with or without modifications, as an **Ordinary Resolution**: -

**“RESOLVED THAT** pursuant to the provisions of Sections 149(4) read with Section 149(5), 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the said Act Shri Arvind Kumar Jain (*DIN: 07911109*) be and is hereby appointed as an Independent Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act to hold office for a term up to five consecutive years, whose period of office shall not be liable to determination by retirement of directors by rotation.”

#### **Item no 5: Authorisation for Related Party Transactions.**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**: -

**“RESOLVED THAT** in terms of provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of the Board and its Powers) Rules, 2014 and other applicable rules notified under the Act, as amended from time to time, the members of the Company hereby approves the continuation of existing contracts of the Company and further hereby authorize the Board/Audit Committee of the Board of Directors to approve and enter into contracts and arrangements with related parties including sub delegation thereof to a Director/Committee of Directors, as it may think fit including granting of omnibus approval in compliance with the provisions of Section 177 of the Companies Act 2013, for a value not exceeding Rs.40 crore or each contract and/or arrangement whether entered into in ordinary course of business or not and/or whether at arm's length price or not or at such price with the recommendation and approval of the Audit Committee to the Board of Directors of the Company for their approval, without any further reference to the shareholders.”

**“RESOLVED FURTHER THAT** the Board shall have the authority and power to accept any modification in the proposal as may be required at the time of according / granting their approvals, consents, permissions and sanctions to such contracts or arrangements proposed to be entered with the related parties and as agreed to by the Board.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board, be and is hereby authorized to do all such acts, deeds, matters and things and execute such deeds, documents and agreements, as they may, in their absolute discretion, deem necessary, proper or desirable and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as it may, in its absolute discretion, deem fit and proper in the best interest of the Company, without requiring any further approval of the members and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers, herein conferred, to a Director/ duly constituted Committee of Directors to give effect to the aforesaid Resolutions.”

**For and on behalf of the Board of Director of  
IDBI Asset Management Limited**

**Sd/-  
(Chandra Bhushan)  
Company Secretary**

**Place: Mumbai  
Date: September 27, 2018**

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## **NOTES:**

- **MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED & AFFIXED WITH REVENUE STAMP AND MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Members/Proxies Should bring the Attendance Slip duly filled in for attending the meeting.
- The relevant explanatory statements pursuant to Section 102(1) of the Companies Act, 2013 in respect of business under item no. 2 to 5 are attached herewith.
- Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report /notice for attending the meeting.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

**Item no 2:**

The office of Comptroller and Auditor General of India (C&AG) vide letter no. CA.CA.V/COY/Central Government, IDBIAS (1)/124 dated July 19, 2018 has appointed M/s. MGB & Co., LLP, Chartered Accountant (*Firm Registration No. 101169W/W-100035*) as the Statutory Auditor of the Company for the financial year 2018-19.

As per the Section 139 of the Companies Act, 2013, the remuneration of Auditors appointed by the office of C&AG, shall be fixed by the Company in the Annual General Meeting. Accordingly, the Notice of the Annual General Meeting includes an item pertaining to remuneration of the Auditors for the year 2018-19.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, in the resolution mentioned in item no. 2 for the approval of members.

**Item no. 03:**

Shri. Abhay Laxman Bongirwar, Executive Director of IDBI Bank Limited has been appointed as Nominee Director of IDBI Asset Management Limited with effect from July 30, 2016.

**Brief Profile of Shri Abhay Laxman Bongirwar (DIN: 00660262)**

Shri. Abhay Laxman Bongirwar, Executive Director of IDBI Bank Limited, has more than 33 years of experience in areas like Infrastructure finance, project appraisal, recovery, retail banking, investment banking, corporate advisory, debt Syndication, CDR, etc.

He is a seasoned banker with special expertise in infrastructure & structured finance and business turnarounds with growth orientation through quick decisions and need based delegation.

He has financed projects in almost all the sectors including Road, Power (incl. renewal energy, generation, transmission & distribution), Telecom, Satellite communication, Oil & Gas, Shipping, steel, solid waste management, cement, etc.

He is also closely working with State Government for social development projects in areas like rural development, renewable energy, smart cities, solar pumps etc. Presently, as ED at IDBI Bank Limited, he had been involved in appraisal and funding of more than 40+ cases involving investment of more than Rs.75,000 cr. with debt of approx. Rs.17,000 cr.

As a Managing Director & CEO of IDBI Capital Market & Securities Limited (subsidiary of IDBI Bank Limited), he turnaround the business & competitive position of the Company at a growth rate of more than 200% with increase in profit before tax from Rs.5 crore to Rs. 50 crore in 3 years and handled 83 Corporate Debt Restructuring proposals of more than Rs.1,61,000 crore capturing more than 50% market share in CDR handling. As regional head at infra group at IDBI, he handled 2/3 of IDBI's infra finance portfolio of more than 33000 crore As zonal head of Pune region, he was also directly involved in merger of people, processes and business of 30 branches of IDBI Limited, IDBI Bank, United Western bank and increased business at a growth rate of 125% in 2 years from Rs. 126 crore to Rs.637 crore (debt). Between 1997-01 handled project appraisal and sanction of Power projects of more than 10,000 MW. During post liberalisation era, raised more than Rs. 4000 crore through 32 public issues through Merchant Banking activities.

Shri Abhay Laxman Bongirwar (DIN: 00660262) is not holding the directorship in any other company other than IDBI Asset Management Limited.

In accordance with Section 160 of the Companies Act, 2013 a person who is not liable to retire by rotation shall be eligible for appointment to the office of Director, if he/she or some member(s) intending to propose him/her as a Director provides a notice in writing to the Company not less than fourteen days before the date of ensuing general meeting. IDBI Bank Limited being, the holding Company has proposed the candidature of Shri Arvind Kumar Jain (DIN: 07911109) as an Independent Director of IDBI Asset Management Limited.

Shri Abhay Laxman Bongirwar (DIN: 00660262) does not receive any remuneration, benefits, or commission from the Company. Also, he does not hold by himself or thorough any relative any shares in the Company.

The Board considers that continued association of Shri Abhay Laxman Bongirwar (DIN: 00660262) will be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company who shall not be liable to determination for retirement by rotation.

Except Shri Krishna Prasad Nair (DIN: 02611496), Shri Abhay Laxman Bongirwar (DIN: 00660262) being the Executive Director of IDBI Bank Limited and the appointee, Shri Dilip Kumar Mandal (DIN: 03313130), Managing Director & CEO of the Company being on deputation from IDBI Bank Limited, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, in the resolution set out at item no. 3 are for the approval of the members.

**Item no 04:**

Shri Arvind Kumar Jain (DIN: 07911109) has been appointed as Additional Independent Director of IDBI Asset Management Limited with effect from March 22, 2018.

**Brief Profile of Shri Arvind Kumar Jain (DIN: 07911109)**

Shri Arvind Kumar Jain (DIN: 07911109) has more than four decades of experience in the Banking sector. He superannuated as Executive Director of Punjab & Sind Bank. He has the rich experience in the field of Integrated Treasury, Large & Mid Corporate Credit, Merchant Banking and Investor relations.

The Directorships of Shri Arvind Kumar Jain (DIN: 07911109) in other Companies are as under: -

Organisation name	Relationship	Position held
Micro Units Development & Reliance Agency Limited	No relationship	Director
IFCI Factors Limited	No relationship	Additional Director
ICMAI Registered Valuers Organisation	No relationship	Additional Director
RML Agtech Private Limited	No relationship	Additional Director

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The Board considers that continued association of Shri Arvind Kumar Jain (*DIN: 07911109*) will be of immense benefit to the Company and it would be prudent to appoint Shri Arvind Kumar Jain (*DIN: 07911109*) as an Independent Director.

Shri Arvind Kumar Jain (*DIN: 07911109*) does not receive any remuneration, benefits or commission from the Company. Also, he does not hold by himself or through any relative any shares in the Company.

Except Arvind Kumar Jain (*DIN: 07911109*), being the appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, in the resolution set out at Item No. 4 for the approval of the Members.

## Item no 5:

IDBI Asset Management Limited ("IDBI AMC") is a subsidiary of IDBI Bank Limited. IDBI AMC has been appointed as Investment Manager for IDBI Mutual Fund by IDBI MF Trustee Company Limited vide Investment Management Agreement dated February 20, 2010. As per the agreement the Company is required to manage the funds, ensure compliance with regulations and accounting of transactions of schemes, formalize, float and launch new schemes with approval of Trustees, to inter alia issue, sell units of Mutual fund, to invest in securities as per scheme(s) investment objective on behalf of Mutual Fund, to declare and pay dividend, calculation of NAV, appointment of intermediaries.

Thus, in order to ensure smooth operations of the Company, IDBI AMC has entered into various contracts which includes contracts entered into with related parties prior to the commencement of the Companies Act, 2013 as well as the contracts entered during the year with the approval of the ACB/Board as per the authorization given by the members in the last Annual General Meeting which are in the ordinary course of business and to support the operations of the Company.

The Company currently has the following contracts entered with the related parties: -

A	B	C	D	E	F
S. No.	Name of the party	Name of Director or Key Managerial Personnel who is related if any	Nature of Relationship	Nature, material terms, monetary value and particulars of the contract or arrangement	Whether in ordinary course of business and at arm's length price
1.	IDBI Capital Market & Securities Limited (Formerly known as IDBI Capital Market Services Limited) (U65990MH1993GOI075578) – Group Company	-	Group Company	Distribution brokerage as per Board approved Compensation Structure. Total paid during FY 2017-18: Rs.2,30,653/-	In ordinary course of business and at market price.
3.	IDBI Mutual Fund – MF Trust constituted under Indian Trust Act, 1882.	-	-	Management fees from IDBI Mutual Fund for managing the schemes of the Fund.	In ordinary course of business and at market price.
4.	IDBI Bank Limited (L65190MH2004GOI148838) – Holding Company	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	To distribute Mutual Funds of IDBI Mutual Fund. To market the products of IDBI Mutual Fund through their distribution network.	In ordinary course of business.
5.	IDBI Bank Limited (CIN: L65190MH2004GOI148838)	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	Rent payable	In ordinary course of business and at market price.
6.	IDBI MF Trustee Company Limited (CIN:U65991MH2010 PLC199326)	-	Group Company	To recover secretarial, accounts and administration fees.	In ordinary course of business and at market price.
7.	IDBI Bank Limited (CIN: L65190MH2004GOI148838)	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	Other Services such as 1) To provide cash management services CMS agreement dated 19 <sup>th</sup> March 2010, duration is in perpetuity unless terminated Flat charges of Rs. 25,000/- + Cheque return charges of Rs. 30/- per cheque return + courier charges of Rs. 400/- per pick up point per month within city limits and at actual outside city limits. 2) Direct Debit Facility to collect applications of SIP from investors along with Authorization to IDBI Bank to directly debit the account of the investor for monthly/quarterly investment in Mutual Fund scheme of IDBI MF One time charge of Rs. 10/- per mandate Ongoing charges of Rs.3/- per transactions Cancellation charges of Rs. 10/- per mandate/SI. 3) Line of Credit Facility of Rs. 1000 crore for IDBI MF	In ordinary course of business.

				<p>1) To provide a facility to IDBI Mutual Fund (though IDBI Asset Management Limited) of providing credit facility to meet liquidity gap on account of redemptions of debt and liquid fund schemes. Overdraft and intra day facility Rate of Interest: at MCLR rate payable monthly Documentation and out of pocket charges at actual Repayment on Demand</p> <p>2) In built CMS intra day Facility To meet intra-day mismatches Rate of Interest: MIBOR + 100bps or MCLR + 520 bps whichever is higher if it becomes intra day</p> <p>3) LER – Treasury Limit LER Limit of Rs. 10 lacs Commission as decided by IDBI Treasury and Other charges at actual For the above facility to pay IDBI Bank Rs. 10 lacs upfront with applicable taxes</p> <p>4) Other banking Services provided from time to time including NEFT, Demat etc.</p>	
8.	IDBI Bank Limited (CIN: L65190MH2004GOI148838)	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	Salary to the employees on deputation	In ordinary course of business IDBI Bank Salary.

The above contracts or arrangements have been entered into by the Company in the ordinary course of business and at competitive rates. The contracts referred to above are existing contracts and are continuing in nature.

IDBI AMC has in pipeline the following contracts to be entered with the related parties: -

A	B	C	D	E	F
S. No.	Name of the party	Name of Director or Key Managerial Personnel who is related of any	Nature of Relationship	Nature, material terms, monetary value and particulars of the contract or arrangement	Whether in ordinary course of business and at arm's length price
1.	IDBI Bank Limited	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	<p>IDBI Bank has in co-ordination with IDBI AMC has launched a Reward and Recognition programme for their NISM Certified Branch employees, Branch Heads and Regional Heads for FY 2018-19 titled as "Gurukul Learning Programme". This programme has been launched on 10th June 2016 till 31<sup>st</sup> March 2017.</p> <p><b>(1) Qualification norms:</b></p> <p>a. Eligible Scheme: IDBI Top 100 Equity Fund, IDBI Diversified Equity Fund, IDBI Equity Advantage Fund, IDBI Prudence Fund, IDBI Midcap Fund and any other launch of actively managed Equity fund during the FY 2016-17.</p> <p>b. Identification of branch staff for eligibility, as per their employee code mentioned in sub-Agent code / Branch Code of the Application.</p> <p>c. Branches to quote EUIN number on the form. To be eligible employee has to qualify in both the criteria's as given in Annexure –I.</p> <p>e. Only first installment of SIP will be counted in lump sum criteria.</p> <p>f. SIP mobilized should have a minimum period of 3 years, with minimum SIP amount of Rs. 1000/-.</p> <p>g. All staff in this campaign to be NISM Certified.</p> <p>h. For Lumpsum the fund should remain invested for atleast 12 months, in the above mentioned eligible schemes.</p>	In ordinary course of business.

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				<p>i. No switch-in within equity scheme will be allowed.</p> <p>j. Switch-in only from IDBI Liquid Fund, IDBI Ultra Short Term Fund and IDBI Short Term Fund is allowed into actively managed equity schemes or any other fund notified by IDBI AMC.</p> <p>k. Contest is based on Net sales model. Any interim redemptions during the contest period will have negative credit towards mobilization. Based on the qualification criteria as defined by IDBI Bank in consultation with IDBI AMC, the IDBI AMC shall be rewarding the branch staff, Branch Heads and Regional Heads by nominating for a education programme based on their qualifying criteria as per above levels. IDBI Bank shall recognize their branch staff, Branch Heads and Regional Heads based on their qualifying criteria as per above levels.</p>	
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The Company was not required to seek approval of the shareholders under the erstwhile Companies Act, 1956 for contracts entered into ordinary course of business. However, with the applicability of the Companies Act, 2013 with effect from April 01, 2014 such contracts come under purview of the Related Party Transactions and require approval of the shareholders on and from the Financial Year 2014-15 in terms of the limits prescribed under the rules as a percentage of net worth/Turnover of the Company.

Hence, it is proposed to the members to authorize the Audit Committee /Board of the Company to approve the proposals for entering into further contracts as may be required and to authorize the Board of Directors with powers to enter into contracts for a value not exceeding Rs.40 crore for each such contract or arrangement which whether in ordinary course of business or not and/or at arm's length or not and to do all such acts, deeds, matters and things and execute such deeds, documents and agreements, as they may, in their absolute discretion, deem necessary including sub delegating the authority to a Committee of Directors and/or to authorize Managing Director & CEO or any other Director as it may deem fit to enter into such contracts and arrangements with prior approval of the Board.

None of the Directors a Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned in Item no. 5 for approval of the members.

**For and on behalf of the Board of Director of  
IDBI Asset Management Limited**

**Sd/-  
(Chandra Bhushan)  
Company Secretary**

**Place: Mumbai  
Date: September 27, 2018**

**Attendance Slip**

<b>CIN</b>	:	<b>U65100MH2010PLC199319</b>
<b>Name of the Company</b>	:	<b>IDBI ASSET MANAGEMENT LIMITED</b>
<b>Registered Office</b>	:	<b>IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400 005.</b>

I/We hereby record my/our presence at the Eighth Annual General Meeting of IDBI Asset Management Limited to be held on Friday, 28th day of September, 2018 at 12.30 P.M. in the Small Conference Room, 24th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba Mumbai - 400 005.

.....  
Member's Folio.....  
Member's/Proxy Name.....  
Member's/Proxy Signature

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Proxy Form

## Form No. MGT-11

### Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

<b>CIN</b>	:	<b>U65100MH2010PLC199319</b>
<b>Name of the Company</b>	:	<b>IDBI ASSET MANAGEMENT LIMITED</b>
<b>Registered Office</b>	:	<b>IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400 005.</b>

Name of the members(s)	:	
Registered address	:	
E-mail Id	:	
Folio No/Client Id	:	
DP ID	:	

I/We, being the members(s) of \_\_\_\_\_ shares of the above name company, hereby appoint

1	Name	:	
	Address	:	
	E-mail Id	:	
	Signature	:	,or failing him

2	Name	:	
	Address	:	
	E-mail Id	:	
	Signature	:	,or failing him

3	Name	:	
	Address	:	
	E-mail Id	:	
	Signature	:	,or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Eighth Annual General Meeting of the Company to be held on Friday, 28th day of September, 2018 at 12.30 p.m. and at any adjournment thereof in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

**Resolution No.**

1.....

2.....

3.....

4.....

5.....

Signed this.....day of.....2018

Signature of shareholder.....

Signature of Proxy holder(s).....

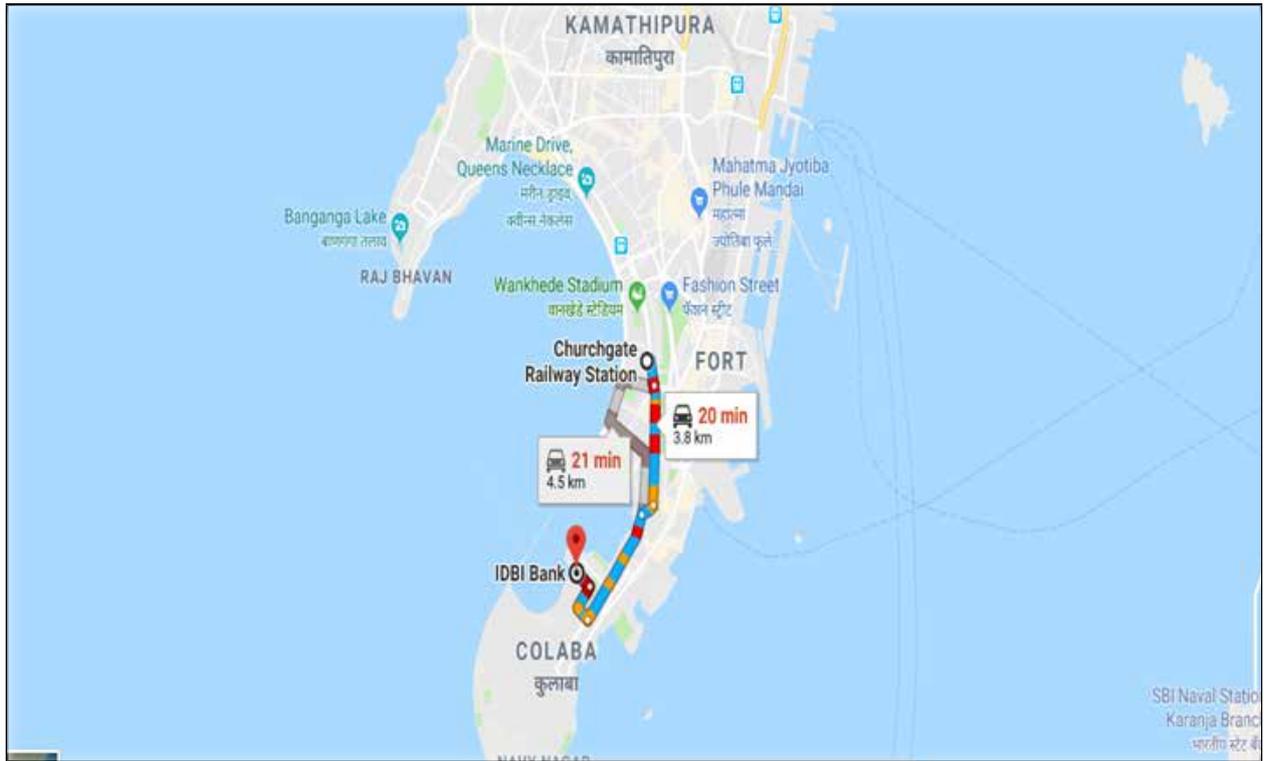
Affix  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.**

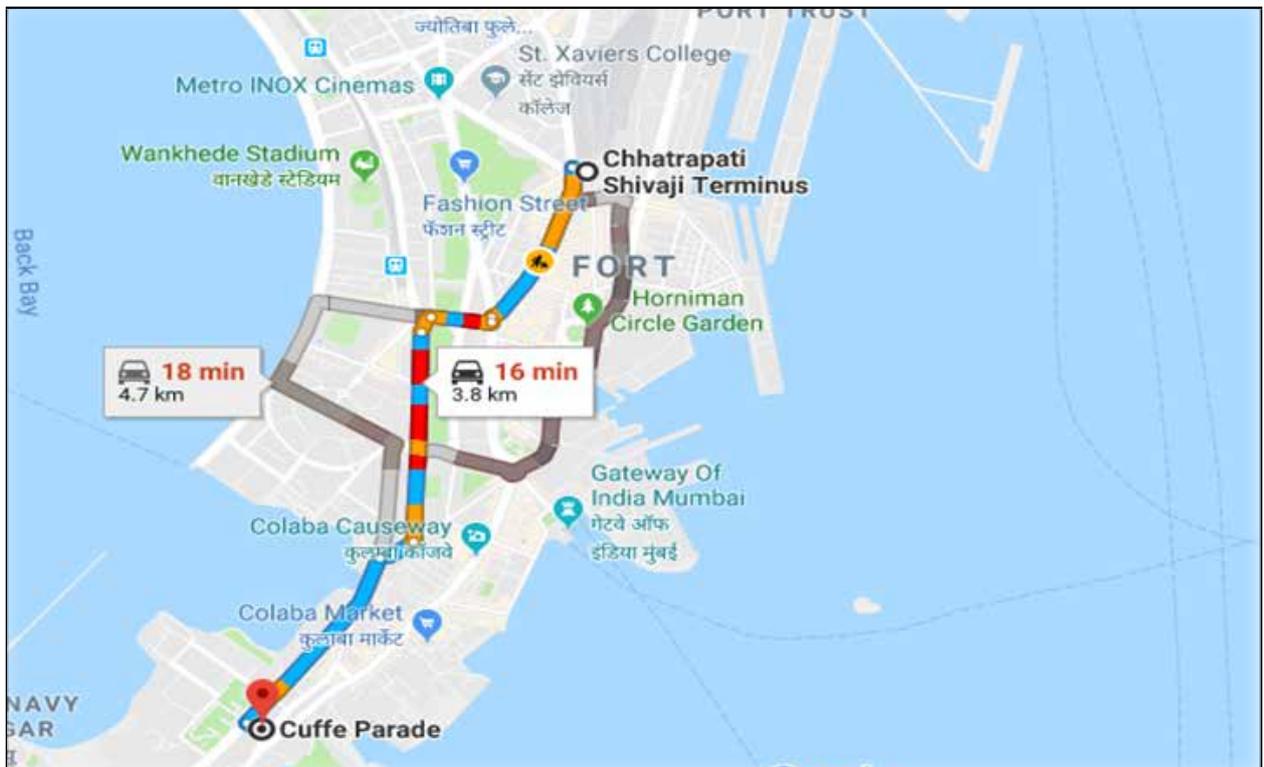
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Route map for the venue of AGM (from Churchgate Station)



Route map for the venue of AGM (from CST Station)



# DIRECTOR'S REPORT

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## DIRECTOR'S REPORT

Dear Members,

The Board of Directors takes pleasure to present the **Eighth Annual Report** on the affairs of IDBI Asset Management Limited along with the audited accounts for the financial year ended March 31, 2018.

### FINANCIAL HIGHLIGHTS AND SUMMARY

The Company's financial performance for the year ended March 31, 2018 is summarized as below:-

(Rs. in Crore)

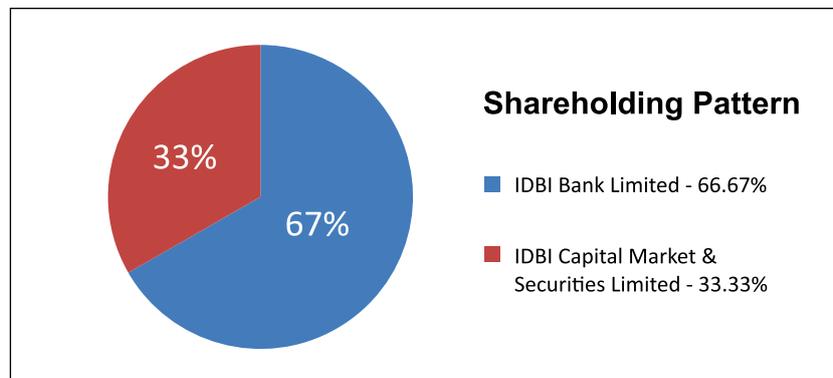
Particulars	2017-18	2016-17
Total Income	83.39	65.06
Total Expenses	74.48	63.50
Profit/(Loss) before exceptional and extra-ordinary item and tax	8.90	1.56
Extraordinary item	13.72	—
Profit/(Loss) before Tax	(4.81)	1.56
Tax expenses:		
Current Tax	—	—
Deferred Tax	12.82	5.69
Profit/(Loss) for the year	8.01	7.25
Earnings per equity share:		
Basic	0.40	0.17
Diluted	0.40	0.17

The total Asset Under Management (AUM) of IDBI Mutual Fund has grown to Rs.7241.43 crore as on March 31, 2018 as against Rs.4697.51 as on March 31, 2017 due to increase in equity and Liquid AUM. The total income of your Company has increased from Rs.65.06 crores during financial year 2016-17 to Rs.83.39 crore during financial year 2017-18. Further, the Net profit has increased from Rs.7.25 crore during the financial year 2016-17 to Rs.8.01 crore during the financial year 2017-18.

### SHARE CAPITAL

During the year under review, the Company's authorised share capital was Rs.250 crores and issued, subscribed & paid up share capital was Rs.200 crores divided into 20 crores equity shares of Rs.10/- each.

The shareholding pattern of the Company as on March 31, 2018 was as under:-



\* The shareholding of IDBI Bank Limited includes its seven nominees holding one equity share of Rs.10/- each.

### I. RESULT OF OPERATIONS AND THE COMPANY'S STATE OF AFFAIRS

- 1) Your company was incorporated on January 25, 2010, under the Companies Act, 1956, with the principal activity to act as "Investment Manager" to IDBI Mutual Fund. Your Company aims to assist the common man in making informed investment choices through mutual funds.
- 2) Your company managed eighteen schemes during the year ended March 31, 2018 which consist of eight equity oriented schemes, six debt fund schemes, two hybrid funds, FOF (Gold) and Gold ETF scheme of IDBI Mutual Fund.
- 3) The financial year 2017-18 is the eighth year of operation of your Company. The total Average Assets Under Management (AAUM) during the quarter ended March 31, 2018 was Rs.10,770 crores.
- 4) Your company's revenue from operations has grown up from Rs.59.28 Crore (financial year 2016-17) to Rs.80.03 Crore (financial year 2017-18) i.e. an increase of 35%.

5) New scheme launched: -

In order to widespread its operations and to offer more investment option to the investors, your Company launched following schemes under **IDBI Mutual Fund** during the financial year 2017-18:-

IDBI Small Cap Fund:

It is open-ended equity scheme predominantly investing in small cap stocks. The Investment objective of the Scheme is to provide investors with the opportunities for long-term capital appreciation by investing predominantly in Equity and Equity related instruments of Small Cap companies. However there can be no assurance that the investment objective under the Scheme will be realized.

The New Fund Offer (NFO) was open from June 01, 2017 to June 15, 2017 and the fund mobilized during NFO period was Rs.207 crores.

IDBI Focused 30 Equity Fund:

It is an open ended equity scheme investing in maximum 30 stocks (predominantly large cap). The investment objective of the Scheme is to provide long term capital appreciation by investing in concentrated portfolio of large cap focused equity and equity related instruments of up to 30 companies and balance in debt and money market Instruments.

The New Fund offer was open from October 30, 2017 to November 13, 2017 the fund mobilized during NFO period was Rs.279 crores.

**Business Environment**

The year 2018 saw GDP growth moderate to 6.7% as against 7.1% in the previous year (*source: mospi.nic.in*). Uncertainty around GST rates and initial glitches in implementation saw consumers and wholesalers delaying spending leading to a slowdown in the first two quarters (Q1 and Q2). Growth however has revived strongly from Q3 onwards (7% in Q3 and 7.7% in Q4). The economy in the long run is expected to benefit as a shift takes place from the unorganized to the organized sector and a single indirect tax replacing a plethora of central and state taxes, substantially easing business.

During the financial year 2017-18, CPI inflation showed an uptick to 4.3%, from 3.9% in financial year 2016-17 (*source: mospi.nic.in*). WPI however saw a weakening (led by lower food inflation), recording 2.5% in March 2018 as compared to 5.1% at the end of financial year 2017 (*source: eaindustry.nic.in*). During financial year 2017-18, RBI further reduced the spread between repo & reverse repo rates to 25 bps from 50 bps while the Statutory Liquidity Ratio (SLR) was reduced to 19.5%. The year also saw repo rate cuts of 25 bps, taking the repo rate to 6.0% at the end of the year, while the reverse repo rate ended at 5.75%.

India also revised its fiscal deficit target to 3.5% of GDP for financial year 2017-18, necessitated by lower than expected GST collections & higher spending on pension & subsidies. The government has guided to a target of 3.3% in financial year 2018-19 & 3.0 % in financial year 2019-20. Foreign Institutional Investors (FIIs) were net buyers in financial year ended 2018 of Rs.144,682 crore versus being net buyers of Rs.48,411 crore in financial year ended 2017 (*source: fpi.nsdli.co.in*). The rupee remained stable throughout the year depreciating mildly by 0.5% ending at Rs.65.18 per dollar as against 64.85 per dollar at the start of the year (*source: Bloomberg*).

**Mutual Fund Industry**

The mutual fund industry witnessed another year of growth, at the end of March 2018, the Assets Under Management of the Mutual Fund industry stood at Rs.21.36 lakh crore (US\$ 331.42 billion).

During the year, SEBI came up with a regulation on categorization and rationalization of mutual fund schemes. It is an effort to bring about uniformity in the functioning of asset management companies (AMC's) and to standardize attributes of mutual fund schemes across specific categories. As per the new rules, the AMCs will not be allowed to offer two schemes under different names with identical investment mandates. One category of mutual fund will be permitted to sell only one mutual fund scheme. As a result of this mandate, the fund houses had realigning their schemes and portfolio to classify them under the newly formed categories.

Also, SEBI has mandated all the all fund houses to benchmark their equity and balanced funds to Total Returns Index (TRI) instead of the current practice of benchmarking against Price Return Index (PRI).

**Change in the nature of Business, if any.**

Your Company was incorporated with the principal activity to act as Investment Manager to IDBI Mutual Fund *vide* Investment Management Agreement dated February 20, 2010 entered into by IDBI MF Trustee Company Limited ("*Trustees to IDBI Mutual Fund*"). Your company has carried on the same business activity during the financial year 2017 -18 and there is no change in the nature of the business of the Company done during the year.

**II. DIVIDEND**

No dividend has been recommended during the financial year under review.

**III. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no unpaid /unclaimed dividend.

**IV. COMPLIANCE WITH NET WORTH REQUIREMENTS AS PRESCRIBED BY SEBI**

Your Company complies with the minimum net worth requirements of Rs.50 Crore as prescribed by the Securities and Exchange Board of India ("*SEBI*"). The net worth of your company for the year ended March 31, 2018 was Rs.112.09 crore.

**V. TRANSFER TO RESERVES**

The Board of Directors has decided to retain the entire amount of profits in the Statement of profit and loss and accordingly no amount has been transferred to the reserves.

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## VI. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, your Company has incurred expense in foreign exchange of Rs.1,40,881/- towards overseas travelling expenses.

## VII. MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes occurred in between the financial year ended March 31, 2018 and the date of the report affecting the financial position of the Company. However, during the period under review there has been progress in the performance of the Company.

## VIII. BOARD OF DIRECTORS

### Changes in Directors and Key Managerial Personnel (KMP): -

#### Board of Directors

During the year under review, there is no material changes occurred in the Composition of Board of Director of your company except for the appointment of Shri Arvind Kumar Jain (DIN:07911109) as an Additional Independent Director with effect from March 22, 2018.

The Composition of the Board, as on March 31, 2018 was as under:

S. No.	Name of the Director	Designation	Date of Appointment	Date of Resignation
1.	Shri Krishna Prasad Nair (DIN: 02611496)	Chairman	October 28, 2016	N.A.
2.	Shri Abhay Laxman Bongirwar (DIN: 00660262)	Nominee Director	July 30, 2016	N.A.
3.	Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.)* (DIN: 05155598)	Independent Director	June 27, 2014	N.A.
4.	Ms. Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director	December 02, 2015	N.A.
5.	Shri Annavarapu Venkat Rammurthy** (DIN: 00050455)	Independent Director	April 20, 2015	N.A.
6.	Shri Arvind Kumar Jain (DIN:07911109)	Additional Independent Director	March 22, 2018	N.A.
7.	Shri Dilip Kumar Mandal (DIN: 03313130)	Managing Director and CEO	August 22, 2016	N.A.

\*Appointed for a period of five years at the 04<sup>th</sup> Annual General Meeting held on June 27, 2014 in compliance with Section 149 of the Companies Act, 2013.

\*\* Appointed for a period of five years from their respective date of appointment at the 5<sup>th</sup> Annual General Meeting held on August 24, 2015 in compliance with Section 149 of the Companies Act, 2013.

#### Key Managerial Personnel

Mr. Chandra Bhushan has been appointed as the Company Secretary of the Company with effect from April 10, 2017. Further, he was designated as Compliance Officer with effect from May 22, 2017.

There has been no change in the Key Managerial Personnel's as at the date of report, after the end of financial year.

#### Retirement by Rotation

The Board of Director of your Company comprises of seven Directors of which four Directors are Independent Directors as on the date of the Annual General Meeting. According to the provisions of the Companies Act, 2013 & Articles of Association of the Company; out of the remaining three (i.e. Chairman, Nominee Director and Managing Director & CEO), the Chairman and the Managing Director & CEO are not liable to retire by rotation. In view of the same Shri Abhay Laxman Bongirwar being Nominee Director is liable to retire by rotation in the Annual General Meeting of the Company.

## IX. BOARD MEETINGS HELD DURING THE YEAR

The Board meets at regular intervals to discuss and decide the operation of Company. The Notice of Board meeting is given well in advance to all the Directors of the Company. The Agenda of the Board meeting is circulated a week prior to the Board meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

During the year under review total of nine Board meetings were held the details of the same has been summed up as under: -

Dates on which Board Meetings were held	Total strength of the Board	Director's present
April 10, 2018	6	6
April 25, 2018	6	5
June 07, 2018	6	5
June 23, 2018	6	6
August 04, 2018	6	5
August 31, 2018	6	6
October 24, 2018	6	6
December 02, 2018	6	6
March 22, 2018	7	4

#### **ATTENDANCE OF DIRECTORS AT BOARD MEETINGS**

Name of the Director	Attendance at the Board Meeting held on								
	April 10, 2017	April 25, 2017	June 07, 2017	June 23, 2017	August 04, 2017	August 31, 2017	October 24, 2017	December 02, 2017	March 22, 2018
Shri Krishna Prasad Nair, Chairman (DIN: 02611496)	✓	✓	✓	✓	Leave of Absence	✓	✓	✓	Leave of Absence
Shri Abhay Laxman Bongirwar, Nominee Director (DIN:00660262)	✓	✓	✓	✓	✓	✓	✓	✓	Leave of Absence
Shri Annavarapu Venkat Rammurthy, Independent Director (DIN: 00050455)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Geeta Pursappa Shetti, Independent Director (DIN: 02948958)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.), Independent Director (Retd.) (DIN: 05155598)	✓	Leave of Absence	✓	✓	✓	✓	✓	✓	✓
Shri Dilip Kumar Mandal MD & CEO (DIN: 03313130)	✓	✓	✓	✓	✓	✓	✓	✓	✓

#### **X. AUDIT COMMITTEE OF THE BOARD:**

The Audit Committee was constituted in the year 2010 and adopted a Charter for its functioning. The Committee was further reconstituted as per the Section 177 of the Companies Act, 2013 and the Charter was also redefined in lines with the provisions of the said Act. The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

The Composition of the Audit Committee as on March 31, 2018 was as under: -

S. No.	Name of the Director	Particulars	Date of Appointment
1.	Ms. Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director & Chairperson	February 12, 2015
2.	Lt. Gen. (Dr.) Mukesh Sabharwal(Retd.)* (DIN: 05155598)	Independent Director	June 27, 2014
3.	Shri Annavarapu Venkat Rammurthy** (DIN: 00050455)	Independent Director	April 20, 2015
4.	Shri Arvind Kumar Jain (DIN: 07911109)	Additional Independent Director	April 21, 2018

\*Appointed for a period of five years at the 04<sup>th</sup> Annual General Meeting held on 27/06/2014 in compliance with Section 149 of the Companies Act, 2013.

\*\* Appointed for a period of five years from their respective date of appointment at the 5<sup>th</sup> Annual General Meeting held on August 24, 2015 in compliance with Section 149 of the Companies Act, 2013.

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During the year under review the Committee met five times, the detail of the same has been summed up as under: -

Dates on which Audit Committee Meetings were held	Total strength of the Committee	Director's present
April 24, 2017	3	2
June 23, 2017	3	3
August 31, 2017	3	3
October 24, 2017	3	3
March 22, 2018	3	3

## ATTENDANCE OF DIRECTORS AT AUDIT COMMITTEE MEETINGS

Name of the Director	Attendance at the Audit Committee Meeting held on				
	April 24, 2017	June 23, 2017	August 31, 2017	October 24, 2017	March 22, 2018
Ms Geeta Pursappa Shetti (DIN: 02948958)	✓	✓	✓	✓	✓
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (DIN: 05155598)	Leave of Absence	✓	✓	✓	✓
Shri Annavarapu Venkat Rammurthy (DIN: 00050455)	✓	✓	✓	✓	✓

## Vigil Mechanism

The Company's Vigil Mechanism incorporates the whistle blower policy pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and Companies (Meeting of Board and its Powers) Rules, 2014. The same is also available on our website [www.idbimutual.co.in](http://www.idbimutual.co.in). A Vigilance Officer has been appointed, who shall oversee the Vigil Mechanism of the Company and report any Protected Disclosure to the Audit Committee. The protected disclosures can be made by a whistle blower through an e-mail [vigilance@idbimutual.co.in](mailto:vigilance@idbimutual.co.in) or a letter to the Vigilance Officer or to the Chairman of the Audit Committee.

## XI. OTHER COMMITTEES

### a. Nomination & Remuneration Committee: -

The Nomination & Remuneration Committee was constituted in the year 2014 and adopted a Charter for its functioning. The Committee was further reconstituted as per the Section 178 of the Companies Act, 2013 and the scope was also redefined in lines with the provisions of the said Act. The Nomination and Remuneration Committee ("NRC") works with the Board to determine the appropriate attributes, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability.

The Composition of the Nomination & Remuneration Committee as on March 31, 2018 was as under:-

S. No.	Name of the Director	Particulars	Date of Appointment
1.	Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.)* (DIN: 05155598)	Independent Director & Chairperson	June 27, 2014
2.	Ms Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director	February 02, 2015
3.	Shri Annavarapu Venkat Rammurthy** (DIN: 00050455)	Independent Director	April 20, 2015
4.	Shri Abhay Laxman Bongirwar (DIN: 00660262)	Nominee Director	July 30, 2016
5.	Shri Arvind Kumar Jain (DIN: 07911109)	Additional Independent Director	April 21, 2018

\*Appointed for a period of five years at the 04<sup>th</sup> Annual General Meeting held on June 27, 2014 in compliance with Section 149 of the Companies Act, 2013.

\*\* Appointed for a period of five years from their respective date of appointment at the 5<sup>th</sup> Annual General Meeting held on August 24, 2015 in compliance with Section 149 of the Companies Act, 2013.

The meetings of Nomination and Remuneration Committee were held thrice during the year under review. The detail of the same has been summed up as under: -

Dates on which Nomination and Remuneration Committee Meetings were held	Total strength of the Committee	Director's present
April 24, 2017	4	3
August 31, 2017	4	4
March 22, 2018	4	3

**Attendance of Directors at Nomination and Remuneration Committee Meetings**

Name of the Director	Attendance at the Nomination and Remuneration Committee Meetings held on		
	April 24, 2017	August 31, 2017	March 22, 2018
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (DIN: 05155598)	Leave of Absence	✓	✓
Ms Geeta Pursappa Shetti (DIN: 02948958)	✓	✓	✓
Shri Annavarapu Venkat Rammurty (DIN: 00050455)	✓	✓	✓
Shri Abhay Laxman Bongirwar (DIN: 00660262)	✓	✓	Leave of Absence

**b. Committee of Independent Directors**

The Company has constituted a Committee of its Independent Directors as per the provisions of the Companies Act, 2013.

As on March 31, 2018, the composition of the Committee of Independent Directors was as under: -

S. No.	Name of the Director	Particulars	Date of Appointment
1.	Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.)* (DIN: 05155598)	Independent Director & Chairperson	June 27, 2014
2.	Ms. Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director	February 12, 2015
3.	Shri Annavarapu Venkat Rammurty** (DIN: 00050455)	Independent Director	April 20, 2015

\*Appointed for a period of five years at the 04<sup>th</sup> Annual General Meeting held on June 27, 2014 in compliance with Section 149 of the Companies Act, 2013.

\*\* Appointed for a period of five years from their respective date of appointment at the 5<sup>th</sup> Annual General Meeting held on August 24, 2015 in compliance with Section 149 of the Companies Act, 2013.

The Committee met once during the financial year 2017-18 on March 22, 2018 where all the Directors were present; except Shri Arvind Kumar Jain (DIN: 07911109) being appointed on the same date after the said meeting.

**XII. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm: -

- In the preparation of the Annual Accounts for the year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- The Directors 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 the profit and loss of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively.
- The Directors have prepared the annual accounts on a going concern basis; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

**XIII. EXTRACT OF THE ANNUAL RETURN**

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 including Companies (Amendment) Act, 2017 the copy of the annual return of the Company will available on the website of IDBI Mutual Fund at [www.idbimutual.co.in](http://www.idbimutual.co.in).

**XIV. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

The Company has received necessary disclosures from the Independent Directors under Section 149(7) of the Companies Act, 2013 that he/she meets all the criteria laid down in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

During the year, the Non Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

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## XV. DIRECTOR'S APPOINTMENT AND REMUNERATION POLICY

The Company has devised and adopted separate policies for Appointment and Remuneration being:-

- (a) Director's Appointment and Evaluation Policy; and
- (b) Nomination and Remuneration Policy.

## XVI. WHISTLE BLOWER POLICY

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations, the Company has established a vigil mechanism (Whistle Blower Policy) for the employees and the Directors as an avenue to voice concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. The mechanism also provides for adequate safeguards against victimization of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No person was denied access to the Audit Committee.

## XVII. CORPORATE SOCIAL RESPONSIBILITY POLICY

You Company's Corporate Social Responsibility (CSR) Policy has been prepared in line with the Section 135 of the Companies Act, 2013 ("the Act") and amendments thereto from time to time and includes the activities as covered under the Schedule VII of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time. IDBI AMC CSR Policy is driven by intent to make a material, visible and lasting difference to the lives of disadvantaged sections of the society and a sustained positive contribution to the welfare of society at large through a dedicated CSR budget carved out of profits for assorted but deserving CSR initiatives on pan-India basis. The said policy is formulated and adopted in lines with the CSR policy of the IDBI Bank Limited ("Holding Company") and the same is available on our website [www.idbimutual.co.in](http://www.idbimutual.co.in).

The composition of the CSR Committee as approved by the Board is as under: -

S. No.	Name of the Director	Particulars	Date of Appointment
1.	Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.)* (DIN: 05155598)	Independent Director & Chairperson	June 28, 2018
2.	Ms. Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director	
3.	Shri Annavarapu Venkat Rammurthy** (DIN: 00050455)	Independent Director	
4.	Shri Arvind Kumar Jain (DIN: 07911109)	Additional Independent Director	
5.	Shri Dilip Kumar Mandal (DIN: 0333130)	Managing Director & CEO	

\*Appointed for a period of five years at the 04<sup>th</sup> Annual General Meeting held on June 27, 2014 in compliance with Section 149 of the Companies Act, 2013.

\*\* Appointed for a period of five years from their respective date of appointment at the 5<sup>th</sup> Annual General Meeting held on August 24, 2015 in compliance with Section 149 of the Companies Act, 2013.

## XVIII. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Your Company is an Investment Manager to IDBI Mutual Fund. Thus, the operations of the Company are guided by the SEBI Regulations and directives and AMFI guidelines issued from time to time. In compliance with the SEBI circular, the Company has in place a policy manual on managing risks related to the business being managing the operations of IDBI Mutual Fund as per the Investment Management Agreement and is duly implemented.

## XIX. OTHER POLICIES OF THE COMPANY

Your Company being an Investment Manager to IDBI Mutual Fund, for its business and operations purposes, is guided by the SEBI (Mutual Funds) Regulations, 1996 as amended from time to time which also includes circulars, orders, etc. In accordance with various applicable regulations, the Company has in place, amongst others as mentioned in the report all the necessary policies.

## XX. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186

The information required under this head which relates to the Section 186 of the Companies Act, 2013 is provided in the Note no. 10 under the heading Non-Current Investments of the Balance Sheet of the Company. Members are requested to refer to those notes for the relevant information.

## XXI. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188.

All the Related Party Transactions are entered in the ordinary course of business and are on arm's length basis, and are in compliance with the applicable provisions of the Companies Act, 2013. Materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel, etc. are being reported in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014. The AOC for the year under review is attached as **Annexure - "A"**.

All Related Party Transactions are presented to the Audit Committee and the Board.

## **XXII. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

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

### **(A) Conservation of energy-**

- (i) The steps taken or impact on conservation of energy: **Not Applicable**
- (ii) The steps taken by the company for utilizing alternate sources of energy: **Not Applicable**
- (iii) The capital investment on energy conservation equipment's: **Not Applicable**

### **(B) Technology absorption-**

- (i) The efforts made towards technology absorption: **Not Applicable**
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):- **Not Applicable**
  - (a) The details of technology imported
  - (b) The year of import
  - (c) Whether the technology been fully absorbed
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
  - (iv) The expenditure incurred on Research and Development: **Not Applicable**

However, your Company has been increasingly using Information Technology systems in its operations.

## **XXIII. STATUTORY AUDITOR**

The office of Comptroller and Auditor General of India (C&AG) vide letter no. **GA/ CA III/IDBI Asset Management/ Account/2016-17/133** dated August 14, 2017 has continued the appointment of M/s. C.R. Sagdeo & Co., Chartered Accountants, Navi Mumbai as Statutory Auditor of the Company for the financial year 2017-18 in terms of Section 139 & 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

Further the office of Comptroller and Auditor General of India (C&AG) vide letter no. **CA.CA.V/COY/Central Government, IDBIAS (1)/124** dated July 19, 2018 has appointed M/s. MGB & Co., LLP, Chartered Accountant (*Firm Registration No. 101169W/W-100035*) as the Statutory Auditor of the Company for the financial year 2018-19.

As per the Section 139 of the Companies Act, 2013, the remuneration of Auditors appointed by the office of C&AG, shall be fixed by the Company in the Annual General Meeting. Accordingly, the Notice of the Annual General Meeting includes an item pertaining to remuneration of the Auditors for the year 2018-19.

## **XXIV. STATUTORY AUDITOR'S REPORT**

There are no qualifications, reservations or adverse remarks made by M/s. C.R. Sagdeo & Co., Statutory Auditors, in their report for the financial year ended March 31, 2018.

## **XXV. SECRETARIAL AUDITOR'S REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. Makarand M. Joshi & Co., Company Secretaries had appointed to conduct the Secretarial Audit of the Company for the year ended March 31, 2018.

The Secretarial Audit report in Form no. MR-3 is attached to the report at **Annexure - "B"**. The same does not contain any qualification, reservation or adverse remarks.

## **XXVI. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India and subsequent modifications thereof and such systems are adequate and operating effectively.

## **XXVII. DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. Further, all Board members and Senior Management have affirmed compliance with the Company's code of conduct for the financial year 2017-18.

## **XXVIII. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are required to be provided as part of Director's report.

However, Ministry of Corporate Affairs (MCA) has vide circular dated June 05, 2015 notified that amongst other exemptions, Section 197 is not applicable to Government Companies. Since your Company is a Government Company within the definition of Section 2(45) of the Companies Act 2013, Section 197 is not applicable to your Company and hence the Company has not disclosed the particular of employees as desired under Section 197(12) of the Companies Act, 2013.

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## **XXIX. EXPLANATION OR COMMENTS OF THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE**

The report of Statutory Auditor and Secretarial Auditor are free from any qualification, reservation or adverse remark or disclaimer.

## **XXX. PERFORMANCE EVALUATION OF THE DIRECTORS ETC.**

Pursuant to the provisions of Section 134, Schedule IV and the Rules made thereunder of the Companies Act, 2013, the evaluation process of the Board as a whole, individual Director and Board Committees for the financial year 2017-18, has been carried out.

A structured questionnaire contained in evaluation sheets covering various aspects of Board's functioning such as Board's structure, governance, dynamics & functioning and financial reporting process, was circulated to Board members. The duly filled and signed evaluation sheets were handed over to Company Secretary & Compliance officer in sealed form from Chairman and all other Directors and he was instructed to maintain the same as a confidential document and store them in a fire proof environment.

As part of the performance evaluation process, the Directors evaluated themselves, other board members, the overall Board as well as functioning of the Board Committees viz., Audit Committee, Nomination & Remuneration Committee etc. on the basis of well-defined evaluation parameters as set out in the questionnaire.

The performance evaluation of non-independent Directors and the Board as a whole was carried out by the Independent Directors at their meeting held on March 22, 2018. The Chairman briefed the Board on the evaluation conducted at the meeting held on March 22, 2018.

## **XXXI. DETAILS OF SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES**

Your Company does not have any subsidiaries/ Joint Ventures/ Associate Company within the meaning of the Companies Act, 2013.

## **XXXII. DEPOSITS**

During the financial year 2017-18, the Company has neither accepted nor renewed deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and other applicable laws and as such no amount of principal or interest was outstanding as on date of the Balance Sheet.

## **XXXIII. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future during the year under review.

## **XXXIV. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

No significant fraud by the Company or on behalf of the Company by its officers or employees under sub-section (12) of Section 143 has been noticed or reported by the Auditors during the period covered by our audit.

## **XXXV. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has zero tolerance towards sexual harassment at the workplace. Your Company firmly believes in providing a safe, supportive, secured and friendly workplace environment - a workplace where our Values come to life through the underlying behaviors. Positive workplace environment and a great employee experience are integral parts of our culture. Your Company believes in providing and ensuring a workplace free from discrimination and harassment based on gender. Your Company educates its employees as to what may constitute sexual harassment and in the event of any occurrence of an incident constituting sexual harassment your Company provides the mechanism to seek recourse and redressal to the concerned individual subjected to sexual harassment.

To achieve the same, the Company has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

There were no complaints pending for more than 90 days.

## **XXXVI. INTERNAL CONTROL SYSTEMS**

Management approach to Internal Control Systems:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal control framework practiced in your Company essentially has two elements:

- (1) structures, policies and guidelines designed to achieve efficiency and effectiveness in operations and compliance with laws and regulations; and
- (2) an assurance function provided by Internal Audit.

The Company also has documented policies, procedures and manuals for various processes which are periodically reviewed for changes warranted due to business needs/ regulatory prescriptions and Industry Standards.

The Audit Committee of the Board meets regularly to review reports, including significant audit observations and follow-up actions thereon. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on financial statements, compliance to accounting policies and procedures, the adequacy and effectiveness of internal control systems.

The Audit Committee regularly interacts with the Internal Auditors and seeks their views on improvement in the essential controls followed by the Company and also regularly interacts with the management to understand the steps taken by the Company to address

the concerns of the Auditors and ensures that suitable measures are adopted by the Company. The Audit Committee being a sub-set of the Board places its recommendations to the Board along with the reports of the Auditors.

#### Internal Audit Function

The Internal Auditors continuously monitors the efficacy and adequacy of the internal controls/compliance with the objective of providing to Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's operating systems, adherence to Company's policies, applicable laws and processes and manner of safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, the timely preparation of reliable financial information, risk management, control and governance processes.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. To maintain its objectivity and independence, the Internal Auditors reports to the Audit Committee of the Board. This system of internal control facilitates effective compliance of Section 138 of the Companies Act, 2013.

#### Board oversight on the Internal Financial Controls

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and external consultants and the reviews performed by management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year ended March 31, 2017.

### **XXXVII. ACKNOWLEDGEMENTS**

The Board takes this opportunity to extend their sincere thanks to the Securities and Exchange Board of India as well as Reserve Bank of India, IDBI Bank Limited, the Registrars & Transfer Agents, the Custodians, the Bankers, Market Intermediaries and Distributors, Government Agencies, Auditors, Association of Mutual Funds in India, Board of Directors of IDBI MF Trustee Company Limited and other related organizations that have helped in your Company's progress, as partners, through their continued support, guidance and cooperation.

The Board of Directors also wishes to place on record their deep sense of appreciation for the committed services by the Company's executive, staff and workers Company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

We look forward to the same from all our stakeholders as we build your Company to be a frontrunner and role model in the industry.

***For and on behalf of the Board of Directors  
of IDBI Asset Management Limited***

**Place: Mumbai  
Date: September 24, 2018**

**Sd/-  
(Krishna Prasad Nair)  
DIN: 02611496  
CHAIRMAN**

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## **Annexure – “A”**

### **FORM NO. AOC 2**

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	<b>Name(s) of the related party and nature of relationship.</b>	IDBI Capital Market & Securities Limited (Formerly known as IDBI Capital Market Services Ltd) (U65990MH1993GOI075578) – Group Company
2.	<b>Nature of contracts/arrangements/transactions.</b>	To distribute the schemes of IDBI Mutual Fund. To market the products of IDBI Mutual Fund through their distribution network.
3.	<b>Duration of the contracts/arrangements/transactions.</b>	The transactions are done on a regular basis based on the applications received, commissions are paid on upfront as well as trail basis at the rates which are determined on a quarterly basis.
4.	<b>Salient terms of the contracts or arrangements or transactions including the value, if any.</b>	As per Annexure.
5.	<b>Date of approval by the Board.</b>	April 20, 2015, June 27, 2015, October 28, 2015 and December 30, 2015.
6.	<b>Amount paid as advances, if any.</b>	NIL
7.	<b>Justification for entering into the contracts/arrangements/transactions.</b>	IDBI Capital Market Services Limited is a AMFI registered Mutual Fund Distributor. Further, IDBI Capital Market Services Limited has presence in major cities of India. In order to tap the clients of IDBI Capital Market Services Limited and to have a wider publicity for the schemes of IDBI Mutual Fund, IDBI Capital Market Services Limited was empanelled amongst other Distributors. The company has empanelled more than 7002 distributors.

**For and on behalf of the Board of Directors  
of IDBI Asset Management Limited**

**Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130**

**Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496**

## Annexure

It is not possible to ascribe a monetary value to the transactions that may be undertaken by the Company under the said Contract in future, since the same would depend on various factors such as the industry scenario, volume of transactions, regulatory limits and the term of the said Contract.

### Terms & conditions

- The rate defined in the structure would be applicable for lump sum as well as SIP, STP investments. For Systematic Transactions, respective scheme commission structure will be applicable.
- All Brokerages/Incentives are gross & inclusive of all statutory levies including service tax & education cess. Net Amount after deducting the statutory levies will be paid to the distributor. The service tax will be deducted from the brokerage payout at the time of payment.
- Trail brokerage is payable monthly.
- Recovery of Distribution incentive Paid: Upfront incentive (inclusive of any promotional incentive) paid to the Distributor is being recovered in the following manner:
  - ◆ The upfront incentive paid to a Distributor will be recovered from the Distributor, if the money (for which such distribution incentive was paid) is redeemed (change in the broker code shall be considered as redemption) before the completion of one year from the date of allotment of units (specified period) for such scheme/ investment.
  - ◆ The Recovery will be made on a pro-rata basis, depending upon the number of days for which the investment has stayed invested in the fund before being redeemed within the specified period.
  - ◆ No. of days will be considered for the computation of the recoveries wherever the specified period are mentioned in 1 year as 365 days respectively.
  - ◆ For redemptions within the specified period, the recovery of the brokerage will be equal to distribution incentive paid x (No. of days for the specified period – No. of days the monies have stayed in the funds) / (No. of days for the specified period).
  - ◆ **RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL**
- On triggered SIPs/STPs, rate existing at the time of SIP/STP registration will be applicable.
- IDBI Asset Management Ltd. reserves the rights to change /modify/discontinues/ withhold the rates and slabs mentioned at its sole discretion without any prior intimation or notification or in case of
- Regulatory Changes / Change in Industry practices in respect to payment of Brokerages. The AMC, its employees or Trustees shall not be responsible for any losses incurred by anyone due to change or errors in the brokerage structure.
- The brokerage structure mentioned herein is solely payable to AMFI certified & KYD complied distributors empanelled with us.
- Trail rate mentioned may change in case of any change in SEBI/AMFI regulations or cost structure.
- No upfront brokerage will be payable for intra-scheme switches.
- The rules and regulations of SEBI / AMFI pertaining to brokerage payment to distributors will also be applicable for payment of the contest incentive. The distributor shall adhere to SEBI circular dated 26th June, 2002 on code of conduct and ensure that no rebate is given to investors in any form.
- All distributors should abide by the code of conduct and rules/regulations laid down by SEBI & AMFI.
- Mutual Funds investments are subject to market risks. Please read the scheme documents carefully. Please read the Statement of Additional Information (SAI) and Scheme Information Document (SID) to confirm the scheme details and refer to our website [www.idbimutual.co.in](http://www.idbimutual.co.in), for any further details.
- The brokerage/commission/remuneration structure is subject to the terms and conditions mentioned in the distributor agreement and or/ Empanelment Form, as may be amended from time to time.
- Please note that commission will be withheld if the total commission payable is less than Rs 100/-. Such commission will be paid in the subsequent payment cycle provided if the commission amount exceeds Rs 100/-.
- Kindly ensure to mention the EUIN along with ARN code in all the Application Forms/ Transaction slip in the designated space. If the transaction is execution only, please arrange for the investor's signature in the designated space for EUIN declaration.
- As per AMFI circular ref. CIR/ ARN-13/11-12 dated October 14, 2011, the payment of commission (upfront/trail) accrued after the expiry of ARN is to be suspended till renewal of ARN. No commission shall be paid for new business procured during the suspended period of ARN. In case ARN is not renewed within 6 months of expiry, the entire commission accrued will be written off. Also commissions will be suspended if distributors do not furnish self-declaration certificate within 3 months of the end of the financial year. Kindly refer the circular for more details.
- Additional Terms & Conditions for B15 cities
- B15 incentive is payable upfront for single applications less than or equal to Rs.2 Crores. For single applications exceeding Rs.2 Crores, B15 incentive will be paid in 12 monthly equal installments.
- The AMC reserves the right not to pay Commission/Incentive on assets mobilized through multiple / split applications from the same investor where such arrangement is made with an intention to benefit from incentive structure.

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- Top 15 cities refers to Top 15 Cities provided by AMFI & Beyond 15 cities refers to all the cities beyond the Top 15 cities. The list of Top 15 cities are:
- Ahmedabad, Bangalore, Baroda, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai (Including Thane & Navi Mumbai), New Delhi
- (including NCR), Panjim, Pune and Surat
- B15 incentive will be payable on the applications procured from residents of all the cities beyond the Top 15 cities as per Pincode Master circulated by AMFI from time to time.
- Identifying and tagging of a transaction as B15 transaction will be at the sole discretion of AMC and as per the guidelines and list of Pin codes issued by SEBI and/or AMFI from time to time.
- Applications procured from eligible Foreign Institutional Investors business will not be eligible for B-15 incentive.
- Recovery of Additional incentive Paid: Recovery of additional incentive paid to the distributor is being introduced in the following manner:
  - ◆ The additional incentive paid to a distributor will be recovered in full from the distributor, if the investment (for which such additional incentive was paid) is redeemed before the completion of one year (365 days) of such investment.
  - ◆ The Recovery will be made from the brokerage payable to the distributor for the month in which redemption has been made. E.g. If the redemption has been made in the month of July '15, the recovery will be made from the Brokerage payable for the month of Aug '15.
  - ◆ In case the Brokerage payable to the distributor is insufficient to cover the recovery amount, the recovery will be tried for three consecutive months.
  - In case the recovery is still not possible, a demand notice will be sent to the distributor asking him to refund the money to the AMC. In case the distributor does not pay the money within 1 month from the date of the receipt of the notice, the AMC will approach AMFI for the resolution of the same or initiate the required corrective action including legal proceedings as it may deem fit.
- **RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL**

**FORM NO. AOC 2**

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis: -

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	<b>Name(s) of the related party and nature of relationship.</b>	IDBI Mutual Fund – MF Trust constituted under Indian Trust Act, 1882.
2.	<b>Nature of contracts/arrangements/transactions.</b>	To obtain Management fees from IDBI Mutual Fund for managing the schemes of the Fund.
3.	<b>Duration of the contracts/arrangements/ transactions.</b>	Has authorized IDBI Asset Management Limited ("IDBI AMC") to act as Investment Manager to IDBI Mutual Fund and manage affairs and operations of the Fund. The Company has entered into an Investment Management agreement with IDBI Asset Management Limited.
4.	<b>Salient terms of the contracts or arrangements or transactions including the value, if any.</b>	Management fees. To charge with recurring expenses and such other costs as per permissible limit prescribed by SEBI. To incur expenses on behalf of Mutual Fund and take on books expenses crossing the threshold limit.
5.	<b>Date of approval by the Board.</b>	February 13, 2010.
6.	<b>Amount paid as advances, if any.</b>	NIL
7.	<b>Justification for entering into the contracts/ arrangements/transactions.</b>	Regulation 52 of SEBI (Mutual Funds) Regulations 1996 allows IDBI Asset Management Limited to recover from the schemes management fees for managing the schemes of IDBI Mutual Fund as per the Investment Management Agreement dated February 26, 2010 entered into with IDBI MF Trustee Company Limited (Trustees to IDBI Mutual Fund).

**For and on behalf of the Board of Directors  
of IDBI Asset Management Limited**

**Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130**

**Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496**

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## FORM NO. AOC 2

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

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1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

S. No.	Particulars	Details
1.	<b>Name(s) of the related party and nature of relationship.</b>	IDBI Bank Limited (L65190MH2004GO1148838) – Holding Company
2.	<b>Nature of contracts/arrangements/transactions.</b>	To distribute the schemes of IDBI Mutual Fund. To market the products of IDBI Mutual Fund through their distribution network.
3.	<b>Duration of the contracts/arrangements/transactions.</b>	The transactions are done on a regular basis based on the applications received, commissions are paid on upfront as well as trail basis at the rates which are determined on a quarterly basis.
4.	<b>Salient terms of the contracts or arrangements or transactions including the value, if any.</b>	As per Annexure.
5.	<b>Date of approval by the Board.</b>	April 20, 2015, June 27, 2015, October 28, 2015 and December 30, 2015.
6.	<b>Amount paid as advances, if any.</b>	NIL
7.	<b>Justification for entering into the contracts/arrangements/transactions.</b>	IDBI Bank Limited is a AMFI registered Mutual Fund Distributor. Further, IDBI Bank Limited has more than 1800 branches in India. In order to tap the clients of IDBI Bank Limited, to provide an additional bouquet of investment as part of financial inclusion and to have a wider publicity for the schemes of IDBI Mutual Fund, IDBI Bank Limited was empanelled amongst other Distributors. The company has empanelled more than 7002 distributors.

**For and on behalf of the Board of Directors  
of IDBI Asset Management Limited**

**Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130**

**Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496**

## Annexure

Trail Commission/Brokerage: It is not possible to ascribe a monetary value to the transactions that may be undertaken by the Company under the said Contract in future, since the same would depend on various factors such as the industry scenario, volume of transactions, regulatory limits and the term of the said Contract.

### TERMS & CONDITIONS

- The rate defined in the structure would be applicable for lump sum as well as SIP, STP investments. For Systematic Transactions, respective scheme commission structure will be applicable.
- All Brokerages/Incentives are gross & inclusive of all statutory levies including service tax & education cess. Net Amount after deducting the statutory levies will be paid to the distributor. The service tax will be deducted from the brokerage payout at the time of payment.
- Trail brokerage is payable monthly.
- Recovery of Distribution incentive Paid: Upfront incentive (inclusive of any promotional incentive) paid to the Distributor is being recovered in the following manner:
  - The upfront incentive paid to a Distributor will be recovered from the Distributor, if the money (for which such distribution incentive was paid) is redeemed (change in the broker code shall be considered as redemption) before the completion of one year from the date of allotment of units (specified period) for such scheme/ investment.
  - The Recovery will be made on a pro-rata basis, depending upon the number of days for which the investment has stayed invested in the fund before being redeemed within the specified period.
  - No. of days will be considered for the computation of the recoveries wherever the specified period are mentioned in 1 year as 365 days respectively.
  - For redemptions within the specified period, the recovery of the brokerage will be equal to distribution incentive paid x (No. of days for the specified period – No. of days the monies have stayed in the funds) / (No. of days for the specified period).
- **RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL**
- On triggered SIPs/STPs, rate existing at the time of SIP/STP registration will be applicable.
- This attached brokerage structure is applicable for the period 1st July, 2015 to 30th September 2015. IDBI Asset Management Ltd. reserves the rights to change /modify/discontinues/ withhold the rates and slabs mentioned at its sole discretion without any prior intimation or notification or in case of
- Regulatory Changes / Change in Industry practices in respect to payment of Brokerages. The AMC, its employees or Trustees shall not be responsible for any losses incurred by anyone due to change or errors in the brokerage structure.
- The brokerage structure mentioned herein is solely payable to AMFI certified & KYD complied distributors empanelled with us.
- Trail rate mentioned may change in case of any change in SEBI/AMFI regulations or cost structure.
- No upfront brokerage will be payable for intr-scheme switches.
- The rules and regulations of SEBI / AMFI pertaining to brokerage payment to distributors will also be applicable for payment of the contest incentive. The distributor shall adhere to SEBI circular dated 26th June, 2002 on code of conduct and ensure that no rebate is given to investors in any form.
- All distributors should abide by the code of conduct and rules/regulations laid down by SEBI & AMFI.
- Mutual Funds investments are subject to market risks. Please read the scheme documents carefully. Please read the Statement of Additional Information (SAI) and Scheme Information Document (SID) to confirm the scheme details and refer to our website [www.idbimutual.co.in](http://www.idbimutual.co.in), for any further details.
- The brokerage/commission/remuneration structure is subject to the terms and conditions mentioned in the distributor agreement and or/ Empanelment Form, as may be amended from time to time.
- Please note that commission will be withheld if the total commission payable is less than Rs 100/-. Such commission will be paid in the subsequent payment cycle provided if the commission amount exceeds Rs 100/-.
- Kindly ensure to mention the EUIN along with ARN code in all the Application Forms/ Transaction slip in the designated space. If the transaction is execution only, please arrange for the investor's signature in the designated space for EUIN declaration.
- As per AMFI circular ref. CIR/ ARN-13/11-12 dated October 14, 2011, the payment of commission (upfront/trail) accrued after the expiry of ARN is to be suspended till renewal of ARN. No commission shall be paid for new business procured during the suspended period of ARN. In case ARN is not renewed within 6 months of expiry, the entire commission accrued will be written off. Also commissions will be suspended if distributors do not furnish self-declaration certificate within 3 months of the end of the financial year. Kindly refer the circular for more details.
- Additional Terms & Conditions for B15 cities.
  - B15 incentive is payable upfront for single applications less than or equal to Rs. 2 Crores. For single applications exceeding Rs. 2 Crores, B15 incentive will be paid in 12 monthly equal installments.
  - The AMC reserves the right not to pay Commission/Incentive on assets mobilized through multiple / split applications from the same investor where such arrangement is made with an intention to benefit from incentive structure.

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- The Recovery will be made from the brokerage payable to the distributor for the month in which redemption has been made. E.g. If the redemption has been made in the month of July '15, the recovery will be made from the Brokerage payable for the month of Aug '15.
- In case the Brokerage payable to the distributor is insufficient to cover the recovery amount, the recovery will be tried for three consecutive months.
- In case the recovery is still not possible, a demand notice will be sent to the distributor asking him to refund the money to the AMC. In case the distributor does not pay the money within 1 month from the date of the receipt of the notice, the AMC will approach AMFI for the resolution of the same or initiate the required corrective action including legal proceedings as it may deem fit.
- **RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL.**

**FORM NO. AOC 2**

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

S. No.	Particulars	Details
1.	<b>Name(s) of the related party and nature of relationship.</b>	IDBI Bank Limited (L65190MH2004GO1148838) – Holding Company
2.	<b>Nature of contracts/arrangements/transactions.</b>	Office space at 9 locations to employees of IDBI AMC on leave and License basis. Office Space is being provided to employees within the office premises of IDBI Bank.
3.	<b>Duration of the contracts/arrangements/ transactions.</b>	The contracts are entered on a perpetual basis subject to termination by either party
4.	<b>Salient terms of the contracts or arrangements or transactions including the value, if any.</b>	Rent payable as and when raised by IDBI Bank Limited for 9 locations for the F.Y. 2017-18 is Rs.2,29,165/-.
5.	<b>Date of approval by the Board.</b>	April 20, 2015. (in existence prior to commencement of Companies act 2013)
6.	<b>Amount paid as advances, if any.</b>	NIL
7.	<b>Justification for entering into the contracts/ arrangements/transactions.</b>	IDBI Bank Limited has more than 1800 branches in India. In order to create synergy between the businesses of two Companies The Mission of the Company is to promote Financial inclusion by assisting the common man in making informed investment choices, through mutual funds and thus bring to them, the prosperity of the capital markets. Thus it was felt that operating from the IDBI Bank premises would yield better results and help the Company in increasing its business reach to niche clients of the bank at Arm's length basis. The rent charged by IDBI Bank is as per market valuation done by the Bank.

**For and on behalf of the Board of Directors  
of IDBI Asset Management Limited**

**Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130**

**Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496**

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## FORM NO. AOC 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

S. No.	Particulars	Details
1.	Name(s) of the related party and nature of relationship.	IDBI MF Trustee Company Limited (CIN: U65991MH2010PLC199326) – Group Company.
2.	Nature of contracts/arrangements/transactions.	To recover Secretarial accounts and Administration fees.
3.	Duration of the contracts/arrangements/transactions.	The Board of IDBI MFT has approved the said policy in its meeting specifying the percentage and manner of recovering the said service charges.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any.	Certain common expenses incurred by Asset Management Limited ("IDBI AMC") such as Rent, Electricity, Maintenance relating to Mumbai office premises and also a portion of salary expenses for the services rendered by IDBI AMC. Out of the above common expenses we charge 5% to MF Trustee Company Limited. The IDBI AMC officials take care of the work relating to secretarial matters, conducting of meetings, ROC work, accounts/tax matters, SEBI compliance etc. IDBI AMC is charging 1% of salary expenses.
5.	Date of approval by the Board.	October 22, 2013.
6.	Amount paid as advances, if any.	NIL
7.	Justification for entering into the contracts/arrangements/transactions.	IDBI MF Trustee Company Limited is a group Company within the 3 tier Structure of IDBI Mutual Fund and is a wholly owned subsidiary of IDBI Bank Limited. The Company does not have employees on its rolls and hence the day to day operations of the said Company is managed by the employees of IDBI AMC from their office located at 5 <sup>th</sup> Floor Mafatlal Centre, Nariman Point, Mumbai 400021. Thus in order to maintain arm's length relationship with the Company, it was felt to recover a certain percentage of expenses as fees for main areas of services.

or and on behalf of the Board of Directors  
of IDBI Asset Management Limited

Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130

Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496

# Makarand M Joshi & Co.

## Company Secretaries

### Annexure – “B”

#### FORM NO. MR.3

#### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31<sup>st</sup> March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
**IDBI Asset Management Limited**  
IDBI Tower, WTC Complex,  
Cuffe Parade, Colaba,  
Mumbai - 400 005.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDBI Asset Management Limited** (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 (**‘Audit Period’**) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**‘SCRA’**) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not applicable to the Company during the audit period**).
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - (**Not Applicable to the Company during the audit period**);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - (**Not Applicable to the Company during the audit period**);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - (**Not Applicable to the Company during the audit period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (**Not Applicable to the Company during the audit period**) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - (**Not Applicable to the Company during the audit period**).
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not Applicable to the Company during the audit period**).

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) Listing Agreement entered with stock exchange (**Not Applicable to the Company during the audit period**)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, etc. made thereunder.

# Annual Report

2017-2018

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## Makarand M Joshi & Co. Company Secretaries

**We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the law specifically applicable to the Company i.e. The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 and amendment from time to time.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Makarand M Joshi & Co.**  
Company Secretaries

Sd/-  
(Kumudini Bhalerao)  
Partner  
FCS No. 6667  
CP No. 6690

Place: Mumbai  
Date: August 14, 2018

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## Makarand M Joshi & Co. Company Secretaries

To  
The Members  
**IDBI Asset Management Limited**  
IDBI Tower, WTC Complex,  
Cuffe Parade, Colaba,  
Mumbai - 400 005.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Makarand M Joshi & Co.**  
Company Secretaries

Sd/-  
(Kumudini Bhalerao)  
Partner  
FCS No. 6667  
CP No. 6690

Place: Mumbai  
Date: August 14, 2018

**STATUTORY  
AUDITOR'S  
REPORT &  
FINANCIAL  
STATEMENT**

**C.R. SAGDEO & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of **IDBI Asset Management Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors Report) Order 2016 issued by the Central Government vide its order dated 29<sup>th</sup> March 2016, we give in the annexure attached herewith a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

# Annual Report

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## C.R. SAGDEO & CO. CHARTERED ACCOUNTANTS

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) In our opinion, there are no major matters which could be considered to have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls with respect to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3.13 to the financial statements;
  - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts and the Company did not have any derivative contracts during the year.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As per directions under section 143 (5) of the Companies Act 2013 our comments are as follows;

Sr.	Directions	Observations of Auditor
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.	The company does not own any freehold or leasehold land, hence not applicable.
2	Please report whether there are any cases of waiver / write off of debts/ loans/interest etc., if yes, the reason there for and the amount involved.	There are no cases of waiver / write off of debts/loans/ interest etc.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift from government or other authorities.	The company does not own any inventory hence not applicable.
4	Whether there are any cases of waiver of fees / reversal of accounted fees which was due but not received / written off. If yes, the reason therefore and amount involved case wise.	During the financial year 2017-18 there has been no instance of waiver or write off of fees which was charged / due.

For **C. R. Sagdeo & Co**  
Chartered Accountants  
(Firm's Registration No.108959W)

Sd/-  
(Suman Bose)  
Partner  
Membership No. 045239

Place: Mumbai  
Date: April 21, 2018

## C.R. SAGDEO & CO. CHARTERED ACCOUNTANTS

### ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF IDBI ASSET MANAGEMENT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018

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

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) As explained to us, the management has at reasonable intervals physically verified the fixed assets and no material discrepancies were noticed on such verification.  
© There are no immovable properties held by the Company in its books.
- ii) Being a service company, it does not hold any physical inventory. Therefore para 3(ii) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- iii) During the year the Company has granted an advance to IDBI Mutual Fund Schemes under the IDBI Mutual Fund Trust, without any stipulated time period for return as well as interest and so it cannot be considered as overdue. The Company has not granted any loans to companies firms and/or other parties listed in the Register maintained under section 189 of the Companies Act 2013.
- iv) In respect of loans, investments, guarantees, and security, the Company has complied with the requirements of section 185 and 186 of the Companies Act 2013. As explained to us, Investments have been made in the form of advance and investments in mutual fund with IDBI Mutual Fund, however these do not qualify to be covered under section 185 and 186 as securities and as body corporate.
- v) The Company has not accepted any deposits from the public. Accordingly, para 3(v) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- vi) As per The Cost Audit Rules 2014, the Company does not qualify as a class of company requiring the maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of any of the activities of the company. Accordingly para 3(vi) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- vii) (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Value Added Tax, Service Tax, and other material statutory dues applicable to it and no undisputed amount is outstanding as on 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us by the Company, the dues outstanding for Income Tax and Value Added Tax on account of any disputes are as follows;

Name of Statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where the dispute is pending
MVAT ACT	VAT set off on purchases denied	Total demand Rs. 43.34 lacs. Of this, Rs. 15 lacs has been paid under protest.	FY 2011-12	Joint Comm. Of Sales Tax Appeals
Income Tax Act	Disallowances of certain expenditure incurred by the AMC.	The losses are reduced and penalty u/s 271 (1)(c) is initiated.	FY 2011-12 (AY 2012-13) FY 2012-13 (AY 2013-14) FY 2014-15 (AY 2015-16)	Commissioner of Income Tax Appeals 8

- viii) According to the information and explanations given to us, the Company has not borrowed from any financial institution, banks, debenture holders or government during the year. Accordingly, para 3(viii) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- ix) According to the information and explanations given to us, the company has not raised any money by public issues or borrowings in the form of loans during the year. Accordingly, para 3(ix) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- x) According to the information and explanations given to us, no frauds by the Company or on the Company by its officers and employees has been noticed or reported during the year.

# Annual Report

2017-2018

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## C.R. SAGDEO & CO. CHARTERED ACCOUNTANTS

- x) According to the information and explanations given to us the provisions of section 197 read with Schedule V of the Companies Act 2013 regarding managerial remuneration are not applicable to the Company being a government company as defined under section 2 (45) of the Companies Act 2013 as per MCA Circular No G. S. R. 463(E) dated 5<sup>th</sup> June 2015 under serial no 28. Accordingly, para 3(xi) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- xii) The Company is not a Nidhi company. Accordingly, para 3(xii) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- xiii) According to the information and explanations given to us all transactions with related parties are at arms-length basis and are in compliance with section 177 and 188 of the Companies Act 2013. The detailed list of all such related party transactions have been adequately disclosed in the financial statements in accordance to the accounting standard 18.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, para 3 (xiv) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.
- xv) According to the information and explanations given to us, the Company has not made any non-cash transactions with directors or persons connected with the directors during the year.
- xvi) According to the information and explanations given to us, the company is in the business of management of various mutual fund schemes of IDBI Mutual Fund and deals or trades in securities for and on behalf of IDBI Mutual Fund and therefore is not required to be registered under section 45-1A of the Reserve bank of India Act 1934. Accordingly, para 3 (xvi) of the Companies (Auditors' Report) Order 2016 does not apply to the Company.

**For M/s C. R. Sagdeo & Co**  
Chartered Accountants  
(FRN. 108959W)

Sd/-  
(Suman Bose)  
Partner

Membership No. 045239

Place: Mumbai  
Date: April 21, 2018

## C.R. SAGDEO & CO. CHARTERED ACCOUNTANTS

### **Independent Auditors Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of IDBI Asset Management Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# Annual Report

2017-2018

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## **C.R. SAGDEO & CO.** **CHARTERED ACCOUNTANTS**

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For C. R. Sagdeo & Company**  
Chartered Accountants  
(Firm's Registration No. 108959W)

Sd/-  
(Suman Bose)  
Partner  
Membership No. 045239

Place: Mumbai  
Date: April 21, 2018

**BALANCE SHEET as at 31st March 2018**
**Amount in Rupees**

Particulars		Note	31 March' 2018	31 March' 2017
<b>I. EQUITY AND LIABILITIES</b>				
<b>1</b>	Shareholders' funds			
	(a) Share capital	<b>1</b>	2,000,000,000	2,000,000,000
	(b) Reserves and surplus	<b>2</b>	(875,646,737)	(955,760,264)
	(C) Money received against share warrants		-	-
<b>2</b>	Share application money pending allotment		-	-
<b>3</b>	Non-current liabilities			
	(a) Deferred tax liabilities (Net)		-	-
	(b) Long-term provisions	<b>3</b>	2,286,331	4,160,006
	(C) Other Long Term Liabilities	<b>4</b>	610,818	-
<b>4</b>	Current liabilities			
	(a) Trade payables	<b>5</b>	119,014,620	102,259,425
	(b) Other current liabilities	<b>6</b>	12,363,948	4,095,580
	(c) Short-term provisions	<b>7</b>	5,866,732	6,238,623
<b>Total</b>			<b>1,264,495,712</b>	<b>1,160,993,370</b>
<b>II. ASSETS</b>				
Non-current assets				
<b>1</b>	(a) Fixed assets			
	(i) Tangible assets	<b>8</b>	6,956,086	9,993,536
	(ii) Intangible assets	<b>9</b>	3,405,426	1,138,689
	(b) Non-current investments	<b>10</b>	291,664,484	679,983,862
	(c) Deferred tax Asset (Net)		277,107,861	148,837,043
	(d) Long-term loans and advances			
	(e) Other non-current assets		-	-
<b>2</b>	Current assets			
	(a) Current investments		298,239,192	89,356,488
	(b) Trade receivables	<b>11</b>	14,543,754	12,335,624
	(c) Cash and Bank Balances	<b>12</b>	7,636,535	2,899,954
	(d) Short-term loans and advances	<b>13</b>	855,419	2,099,853
	(e) Other current assets	<b>14</b>	364,086,955	214,348,321
<b>Total</b>			<b>1,264,495,712</b>	<b>1,160,993,370</b>
Significant accounting policies and other notes		<b>21</b>		

vide our report of even date

For **CR Sagdeo & Co**  
Chartered Accountants  
Firm Regn No 108959W

Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496

For **IDBI Asset Management Limited**

Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130

Sd/-  
(Suman Bose)  
Partner  
M.No.045239

Sd/-  
(Chandra Bhushan)  
Company Secretary  
ACS 30954

Sd/-  
(Amit Bhavsar)  
CFO & COO  
FCA 105890

Place : Mumbai  
Date : April 21, 2018

# Annual Report

2017-2018

## Profit and Loss Statement for the period ended 31st March 2018

Amount in Rupees

Particulars		Note	31 March' 2018	31 March' 2017
<b>I</b>	<b>Income</b>			
	(a) Revenue from operations	<b>15</b>	800,376,797	592,834,704
	(b) Other income	<b>16</b>	33,552,731	57,797,635
	<b>Total Revenue (a + b)</b>		<b>833,929,528</b>	<b>650,632,339</b>
<b>II</b>	<b>Expenses</b>			
	(a) Employee benefits expense	<b>17</b>	143,505,888	174,299,885
	(b) Scheme and Distribution Expenses	<b>18</b>	508,274,637	360,775,314
	(b) Other expenses	<b>19</b>	86,811,641	95,783,555
	(c) Depreciation and amortization expense	<b>20</b>	6,244,653	4,171,394
	<b>Total expenses(a+b+c)</b>		<b>744,836,819</b>	<b>635,030,148</b>
<b>III</b>	<b>Profit/(Loss) before exceptional and extraordinary items and tax (I-II)</b>		89,092,709	15,602,191
<b>IV</b>	<b>Exceptional items</b>		-	-
<b>V</b>	<b>Extraordinary items</b>		137,250,000	-
<b>VI</b>	<b>Profit/(Loss) before tax (III-IV-V)</b>		(48,157,291)	15,602,191
<b>VII</b>	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		128,270,818	56,978,654
<b>VIII</b>	<b>Profit for the year (VI+VII)</b>		80,113,527	72,580,845
<b>IX</b>	Earnings per equity share:			
	(1) Basic		0.40	0.17
	(2) Diluted		0.40	0.17
	Significant accounting policies and other notes	<b>21</b>		

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For **CR Sagdeo & Co**  
Chartered Accountants  
Firm Regn No 108959W

Sd/-  
(Suman Bose)  
Partner  
M.No.045239

Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496

Sd/-  
(Chandra Bhushan)  
Company Secretary  
ACS 30954

For **IDBI Asset Management Limited**

Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130

Sd/-  
(Amit Bhavsar)  
CFO & COO  
FCA 105890

Place : Mumbai  
Date : April 21, 2018

**Cash Flow Statement for the period ended 31st March 2018**
**Amount in Rupees**

Particulars		31 March' 2018	31 March' 2017
<b>(A)</b>	<b>Cash Flow from Operating Activities :</b>		
	Profit for the year	(48,157,291)	15,602,191
	Add: Adjustments		
	(Profit) / Loss on sale of Assets	19,798	(167,038)
	Depreciation & amortisation	6,244,653	4,171,394
	Provision for depreciation no longer required written back	-	-
	Interest on Bond / Bank FD	(17,182,160)	(40,971,058)
	Dividend Income	(71,477)	(2,322)
	Other Income	(3,073,426)	(3,683,111)
	Net gain on sale of investments	(13,215,825)	(12,859,142)
	Operating Loss before Working Capital changes	<b>(75,435,728)</b>	<b>(37,909,086)</b>
	(Increase) / Decrease Trade receivables	(2,208,130)	8,381,284
	(Increase) / Decrease Short-term loans and advances	1,244,434	4,113,748
	(Increase) / Decrease in other non current asset	-	-
	(Increase) / Decrease in Other current assets	(149,738,635)	(108,662,174)
	Increase / (Decrease) Long-term provisions	(1,873,675)	(367,918)
	Increase / (Decrease) Trade payables	16,755,194	30,122,019
	Increase / (Decrease) Other current liabilities	8,268,369	1,904,078
	Increase / (Decrease) Other non-current liabilities	610,818	-
	Increase / (Decrease) Short-term provisions	(371,891)	241,019
	Net change in working capital	<b>(127,313,516)</b>	<b>(64,267,944)</b>
	Taxes refund and Interest thereon	<b>17,182,160</b>	<b>40,971,058</b>
	<b>Net Cash used in Operating activities (A)</b>	<b>(185,567,084)</b>	<b>(61,205,972)</b>
<b>(B)</b>	<b>Cash Flow from Investing activities</b>		
	Purchase of Fixed Assets	(5,614,590)	(8,334,917)
	(Increase) / Decrease in investment	179,436,675	52,950,773
	Sale of Fixed Assets	120,853	429,500
	Net gain on sale of investments	13,215,825	12,859,142
	Other Income	3,073,426	3,683,111
	Dividend Income	71,477	2,322
	Interest Income	-	-
	<b>Net Cash (used) / Received in Investing Activities (B)</b>	<b>190,303,665</b>	<b>61,589,931</b>
<b>(C)</b>	<b>Cash Flow from Financial activities</b>		
	Increase in Share Capital	-	-
	<b>Net Cash (used) / Received in Financial Activities (C)</b>	<b>-</b>	<b>-</b>
	<b>Net increase in Cash &amp; Cash Equivalents for the year (A+B+C)</b>	<b>4,736,581</b>	<b>383,959</b>
	<b>Cash &amp; Cash Equivalents at the beginning of the period</b>	<b>2,899,954</b>	<b>2,515,995</b>
	<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>7,636,535</b>	<b>2,899,954</b>

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For **CR Sagdeo & Co**  
Chartered Accountants  
Firm Regn No 108959W

Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496

For **IDBI Asset Management Limited**

Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130

Sd/-  
(Suman Bose)  
Partner  
M.No.045239

Sd/-  
(Chandra Bhushan)  
Company Secretary  
ACS 30954

Sd/-  
(Amit Bhavsar)  
CFO & COO  
FCA 105890

Place : Mumbai  
Date : April 21, 2018

# Annual Report

2017-2018

## NOTES FORMING PART OF THE BALANCE SHEET

Amount in Rupees

	31 March' 2018	31 March' 2017
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 10 each(250,000,000 Equity shares of Rs.10 each)	2,500,000,000	2,500,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
200,000,000 Equity Shares of Rs. 10 each(200,000,000 Equity shares of Rs.10 each)	2,000,000,000	2,000,000,000
<b>Total</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>

### Reconciliation of number of shares outstanding

Nos.of Shares

	31 March' 2018	31 March' 2017
Shares outstanding at the beginning of the year	200,000,000	200,000,000
Shares Issued during the year	-	-
Shares brought back during the year	-	-
Shares outstanding at the end of the year	<b>200,000,000</b>	<b>200,000,000</b>

### Details of Shareholdings

Name of Shareholder	31 March' 2018		31 March' 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IDBI Bank Limited ( Holding Company) and its Nominees	133,340,000	66.67	133,340,000	66.67
IDBI Capital Market Services Limited	66,660,000	33.33	66,660,000	33.33
<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>	<b>200,000,000</b>	<b>100.00</b>

### Note 2: Reserves and surplus

Amount in Rupees

	31 March' 2018	31 March' 2017
<b>Surplus</b>		
Opening balance	(955,760,264)	(1,028,341,109)
(+) Profit For the current year	80,113,527	72,580,845
Closing Balance	<b>(875,646,737)</b>	<b>(955,760,264)</b>

### Note 3: Long-term provisions

Amount in Rupees

	31 March' 2018	31 March' 2017
<b>Provision for employee benefits</b>		
(a) Leave Encashment (Unfunded)	3,438,147	5,569,380
<b>Less: Amount treated as Current liability</b>	(1,151,816)	(1,409,374)
<b>Total (a)+(b)</b>	<b>2,286,331</b>	<b>4,160,006</b>

### Note 4: Other Long Term Liabilities

Amount in Rupees

	31 March' 2018	31 March' 2017
Premium / Discount on Investment unadjusted	610,818	-
<b>Total</b>	<b>610,818</b>	<b>-</b>

**Note 5: Trade payables**

Amount in Rupees

	31 March' 2018	31 March' 2017
(a) Brokerage Payable		
Brokerage Payable F.Y.2011-12	5,107	5,412
Brokerage Payable F.Y.2012-13	3,390	4,193
Brokerage Payable F.Y.2013-14	5,242	369
Brokerage Payable F.Y.2014-15	41,203	42,472
Brokerage Payable F.Y.2015-16	79,875	222,254
Brokerage Payable F.Y.2016-17	100,381	37,388,690
Brokerage Payable F.Y.2017-18	45,212,277	-
(b) Provision for Expenses	63,136,878	57,891,017
(c) Creditors for Expenses	10,430,266	6,705,018
<b>Total</b>	<b>119,014,619</b>	<b>102,259,425</b>

**Note 6: Other current liabilities**

Amount in Rupees

	31 March' 2018	31 March' 2017
(a) TDS payable	3,378,266	4,075,490
(b) GST Payable	8,963,111	-
(c) Professional Tax Payable	22,571	20,090
<b>Total</b>	<b>12,363,948</b>	<b>4,095,580</b>

**Note 7: Short-term provisions**

Amount in Rupees

	31 March' 2018	31 March' 2017
<b>Provision for employee benefits</b>		
Salary & Reimbursements	956,534	271,082
Contribution to PF	840,550	959,655
Gratuity (Funded)	2,917,832	3,598,512
Leave Encashment	1,151,816	1,409,374
<b>Total</b>	<b>5,866,732</b>	<b>6,238,623</b>

**Note 8: Tangible assets**

Amount in Rupees

	Gross Block				Accumulated Depreciation				Net Block	
	1 April' 2017	Additions	Disposals	31 March' 2018	1 April' 2017	Depreciation charged for the year	On disposals	31 March' 2018	31 March' 2018	1 April' 2017
<b>Tangible Assets</b>										
(a) Furniture and Fixtures	4,950,558	281,291	21,992	5,209,856	2,551,746	674,128	21,992	3,203,881	2,005,975	2,398,812
(b) Communication Equipment	2,112,374	62,498	692,841	1,482,031	1,538,046	243,762	552,191	1,229,617	252,414	574,328
(c) Office equipment	5,494,061	893,567	-	6,387,627	4,494,484	1,090,336	-	5,584,821	802,806	999,576
(d) Computer Hardware	32,663,591	342,658	-	33,006,248	26,642,771	2,468,587	-	29,111,358	3,894,891	6,020,820
<b>Total</b>	<b>45,220,583</b>	<b>1,580,013</b>	<b>714,833</b>	<b>46,085,763</b>	<b>35,227,047</b>	<b>4,476,813</b>	<b>574,183</b>	<b>39,129,677</b>	<b>6,956,086</b>	<b>9,993,537</b>

**Note 9: Intangible assets**

Amount in Rupees

	Gross Block				Accumulated Depreciation				Net Block	
	1 April' 2017	Additions	Disposals	31 March' 2018	1 April' 2017	Depreciation charged for the year	On disposals	31 March' 2018	31 March' 2018	1 April' 2017
<b>Intangible Assets</b>										
(a) Computer software	25,096,583	4,034,577	-	29,131,160	23,957,894	1,767,840	-	25,725,734	3,405,426	1,138,689
<b>Total</b>	<b>25,096,583</b>	<b>4,034,577</b>	<b>-</b>	<b>29,131,160</b>	<b>23,957,894</b>	<b>1,767,840</b>	<b>-</b>	<b>25,725,734</b>	<b>3,405,426</b>	<b>1,138,689</b>

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## Note 10: Investments

Amount in Rupees

Non-current investments	31 March' 2018		31 March' 2017	
	Units	Amount	Units	Amount
<b>Investment in IDBI Mutual Fund</b>				
(i) IDBI Liquid Fund - Growth	3,427	5,000,000	3,427	5,000,000
(ii) IDBI Dynamic Bond Fund - Growth	407,282	5,000,000	407,282	5,000,000
(iii) IDBI Diversified Equity Fund - Growth	315,856	5,000,000	315,856	5,000,000
(iv) IDBI Gold Fund FOF-Growth	591,835	5,000,000	591,835	5,000,000
(v) IDBI Gilt Fund - Growth	415,832	5,000,000	415,832	5,000,000
(vi) IDBI India Top 100 Equity Fund - Growth	265,252	5,000,000	265,252	5,000,000
(vii) IDBI Midcap Fund - Growth	497,512	5,000,000	497,512	5,000,000
(viii) IDBI Monthly Income Plan -Growth	362,337	5,000,000	362,337	5,000,000
(ix) IDBI Nifty Index Fund -Growth	307,418	5,000,000	307,418	5,000,000
(x) IDBI Nifty Junior Index Fund - Growth	337,881	5,000,000	337,881	5,000,000
(xi) IDBI Corporate Debt Opportunities Fund- Growth	458,552	5,000,000	458,552	5,000,000
(xii) IDBI Prudence Fund - Growth	498,659	5,000,000	498,659	5,000,000
(xiii) IDBI Short Term Bond Fund - Growth	358,865	5,000,000	358,865	5,000,000
(xiv) IDBI Equity Advantage Fund - Growth	256,674	5,000,000	256,674	5,000,000
(xv) IDBI Ultra Short Term Fund - Growth	3,442	5,000,000	3,442	5,000,000
(xvi) IDBI Gold Fund ETF	2,000	5,058,022	2,000	5,058,022
(xvii) IDBI Small Cap Fund	499,002	5,000,000	-	-
(xviii) IDBI Focused 30 Equity Fund	499,501	5,000,000	-	-
<b>Investment in Equity Share Capital MF Utility India Pvt Ltd of Rs. 1/- each</b>	500,000	500,000	500,000	500,000
<b>Investment in Equity Share of :</b>				
Capacit'e Infraprojects Limited	309	77,250	-	-
Cochin Shipyard	826	356,832	-	-
Godrej Agrovet Limited	461	212,060	-	-
Housing and Urban Development Corporation Limited	7,672	460,320	-	-
<b>Investment in Bonds of :</b>				
Power Finance Corporation Limited - Bonds	100	100,000,000	-	-
Punjab National Bank - Bonds	100	100,000,000	-	-
<b>Investment in Fixed Deposit - IDBI Bank</b>				599,425,840
<b>Aggregate amount of quoted investments</b>	<b>6,590,794</b>	<b>291,664,484</b>	<b>5,582,824</b>	<b>679,983,862</b>
Market value /NAV of quoted investments		<b>312,929,368</b>		<b>693,353,235</b>
Aggregate provision made for diminution in value of Investments		-		-
<b>Current investments</b>				
<b>Investment in IDBI Mutual Fund - Quoted (Valued at lower of cost or market value)</b>				
(i) IDBI Liquid Fund - Growth	12,374	23,000,000	-	-
(ii) IDBI Gilt Fund - Growth	3,605,834	52,233,747	2,258,383	33,139,280
(iii) IDBI Short Term Bond Fund-Direct Plan-Growth			3,352,274	56,217,208
(iv) IDBI Liquid Fund - Monthly Dividend	148,279	148,615,911		
(v) IDBI Short Term Bond Fund - Monthly Dividend	5,050,617	74,389,534		
<b>Aggregate amount of quoted investments</b>		<b>298,239,192</b>		<b>89,356,488</b>
Market value /NAV of quoted investments		<b>298,473,917</b>		<b>89,442,124</b>
Aggregate provision made for diminution in value of Investments		<b>672,488.00</b>		-

**Note 11: Trade receivables**

Amount in Rupees

	31 March' 2018	31 March' 2017
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	14,543,754	12,335,624
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
<b>Total</b>	<b>14,543,754</b>	<b>12,335,624</b>

**Note 12: Cash and Bank Balances**

Amount in Rupees

	31 March' 2018	31 March' 2017
Cash and cash equivalents		
(a) Balances with banks	7,626,810	2,892,603
(b) Cash on hand	9,725	7,351
<b>Total</b>	<b>7,636,535</b>	<b>2,899,954</b>

**Note 13: Short-term loans and advances**

Amount in Rupees

	31 March' 2018	31 March' 2017
Unsecured, considered good		
Staff advance	337,485	506,933
Advance to vendors	517,934	1,592,920
<b>Total</b>	<b>855,419</b>	<b>2,099,853</b>

**Note 14: Other current assets**

Amount in Rupees

	31 March' 2018	31 March' 2017
Investor Education & Awareness Initiatives Expenses Receivable	-	10,397
Upfront Brokerage Advance	-	19,513,655
Deposits	1,828,178	543,117
Vat Paid under Dispute	1,500,000	1,500,000
GST -Input Credit	15,256,959	21,603,827
Interest receivable - Income Tax F.Y. 2012-13	-	-
Tax deducted at source F.Y. 2017-18	80,325,821	
Tax deducted at source F.Y. 2016-17	59,613,104	59,613,104
Tax deducted at source F.Y. 2015-16	45,164,508	45,164,508
Tax deducted at source F.Y. 2014-15	12,952,948	12,952,948
Advance Tax	4,859,100	-
Prepaid expense	61,391,460	53,350,920
Advances given to the Scheme	217,500,000	
Less: Adjustment for Bad debts	(137,250,000)	
Interest Accrued but not due on Bonds	944,877	95,845
<b>Total</b>	<b>364,086,955</b>	<b>214,348,321</b>

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## NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT

### Note 15: Revenue from operations

Amount in Rupees

	31 March' 2018	31 March' 2017
Management Fees (Gross)	938,978,018	681,393,213
Less : Service Tax/ GST	138,601,221	88,558,509
<b>Management Fees (Net)</b>	<b>800,376,797</b>	<b>592,834,704</b>

### Note 16: Other income

Amount in Rupees

	31 March' 2018	31 March' 2017
Interest Income	17,182,160	40,971,058
Dividend Income	71,477	2,322
Net gain/loss on sale of investments	13,215,825	12,859,142
Profit on Sale of Fixed Assets	9,844	282,002
Other non-operating income (net of expenses directly attributable to such income)	197,133	398,892
Secretarial and Accounts Services Fees (Gross)	3,376,114	3,776,852
Less : Service Tax / GST	499,822	492,633
Secretarial and Accounts Services Fees (Net)	2,876,292	3,284,219
<b>Total</b>	<b>33,552,731</b>	<b>57,797,635</b>

### Note 17: Employee benefits expense

Amount in Rupees

	31 March' 2018	31 March' 2017
(a) Salaries and incentives	131,620,547	156,735,347
(b) Contributions to -		
(i) Provident fund	5,797,355	7,043,289
(ii) Gratuity fund	(622,419)	1,984,732
(c) Staff welfare expenses	8,106,825	8,327,743
(d) Staff Training Expenses	253,860	131,437
(e) Leave Encashment	(1,650,280)	77,337
<b>Total</b>	<b>143,505,888</b>	<b>174,299,885</b>

### Note 18: Scheme and Distribution Expenses

Amount in Rupees

	31 March' 2018	31 March' 2017
(a) Scheme Expenses		
Upfront Brokerage	81,921,170	8,380,614
Annualised / Trail Brokerage	301,322,926	243,286,237
Distributors' Incentives/Fees	21,788,657	20,892,093
Register & Transfer agent and other expenses	35,721,160	25,565,704
Custodian Fees	7,238,656	6,976,187
Statutory, Internal & Concurrent Audit Fees	1,602,938	2,525,591
Finance Charges	4,401,401	2,221,368
Other scheme Related expenses	15,013,099	11,644,680
<b>Total (a)</b>	<b>469,010,007</b>	<b>321,492,475</b>

	31 March' 2018	31 March' 2017
(b) Other Sales & Distribution Expenses		
Advertisement Expenses	2,872,464	1,205,189
Printing Material	3,304,054	6,611,262
Courier & Postage	2,495,942	4,028,658
Conference & Seminars	5,550,975	6,410,846
Other Sales & Distribution Costs	4,452,661	1,263,486
Business Promotion expenses	133,791	219,806
Entertainment Expenses	2,710,158	1,925,572
Out Bound Sales Expenses	17,744,585	17,618,020
Total (b)	39,264,630	39,282,839
<b>Total (a)+(b)</b>	<b>508,274,637</b>	<b>360,775,314</b>

**Note 19: Other expenses**

Amount in Rupees

	31 March' 2018	31 March' 2017
Office Rent	31,988,384	27,919,953
House-keeping, Maintenance & Others	7,558,956	8,819,113
Electricity & Water	2,495,768	2,751,205
Telephone expenses	3,598,878	3,608,735
IT & Networking Expenses	15,720,694	17,182,253
Professional & Consultancy Fees	3,823,300	4,015,470
Printing & Stationery	1,829,371	1,693,739
Local Conveyance	4,526,397	3,348,773
Bank Charges	10,315	4,769
Rates & Taxes	262,863	803,233
Travel & Halting Expenses	6,306,520	5,943,924
Subscriptions	12,495,288	16,020,841
Membership & Subscriptions to AMFI/SEBI	2,149,092	2,447,623
Director Sitting Fees	931,700	1,407,000
Repairs & Maintenance	813,057	736,541
Loss on Sale of Assets	29,642	114,965
Audit fees	735,000	700,000
Miscellaneous expenses	946,331	593,907
Excess provision write (back) off	(9,409,915)	(3,254,746)
Prior Period Items	-	926,258
<b>Total</b>	<b>86,811,641</b>	<b>95,783,555</b>

**Note 20: Depreciation and amortization expense**

Amount in Rupees

	31 March' 2018	31 March' 2017
(a) Tangible assets	4,476,813	3,370,177
(b) Intangible assets	1,767,840	801,217
<b>Total</b>	<b>6,244,653</b>	<b>4,171,394</b>

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## Note 21: Significant accounting policies and other notes

### 1. Background

IDBI Asset Management Company Limited (“the Company”) was incorporated on 25th Jan 2010 as a Public limited company. The principal activity of the Company is to act as an Investment manager and advisor to IDBI Mutual Fund (“the Fund”). The Company is registered with Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996.

### 2. Significant Accounting Policies

#### 2.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (‘the Act’) and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

#### 2.2 Use of estimates

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

#### 2.3 Current-Non Current Classification

All assets and liabilities are classified into current and non-current

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the company’s normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realized within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company’s normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### 2.4 Revenue Recognition

##### Investment Management fees:

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

##### Other income:

Interest income is accounted for on period proportion basis. The profit/loss on the sale of investments is recognized in the statement of Profit and Loss on the trade date using the FIFO method for arriving at purchase cost. Dividend income is recognized when the right to receive dividend is established.

Interest on interest bearing securities is accrued on the coupon rate. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly,

interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered. In case of premium /discount on securities the same is being amortised over the tenure

## 2.5 Fixed assets and depreciation:

- Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment. Cost includes freight, duties, taxes, and incidental expenses related to the acquisition and installation of the assets. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit/functioning capability from/of such assets. All expenses on existing fixed assets, including repairs and maintenance and cost of replacement of parts are charged as revenue in the period in which they are incurred.
- Depreciation is provided on Straight Line Method (SLM) as prescribed in Schedule II to the Companies Act, 2013. The rates of depreciation of assets have been arrived at after considering the useful life of the asset as per schedule II of the Companies Act 2013. If the management's estimate of the useful life of a fixed asset, at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, depreciation is provided at a higher rate based on management's estimates of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following rates:

Class of Fixed Assets	Rate of Depreciation (In%)- SLM basis (applicable from April 01, 2015)
Furniture & Fixtures	9.50
Office Equipment	19.00
IT Hardware	33.33
Consumer durables with Employees	33.33

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

- The Company provides pro-rata depreciation from the date the asset is put to use and for any asset sold until the date of sale.
- Fixed assets, other than software, individually costing 5,000 or less are fully depreciated in the year of purchase / acquisition.
- Impairment of assets:**

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

## 2.6 Investments

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

## 2.7 Employee benefits

### Gratuity:

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

### Provident fund:

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

### Short term employee benefits:

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

### Compensated absences:

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

## 2.8 Operating Leases

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

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## 2.9 Earnings per share

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

## 2.10 Taxation

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

### Current taxes

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

### Deferred taxes

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

## 2.11 Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

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

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

## 2.12 Cash Flow Statement:

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

## 2.13 Cash & Cash Equivalents:

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

## 2.14 Transactions in foreign currency:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Exchange difference, if any, arising out of the foreign exchange transactions settled during the year are recognized in the statement of Profit and Loss.

## 2.15 Brokerage & New Fund Offer expenses:

Brokerage: Upfront Brokerage paid in case of open ended Equity Linked Tax Saving schemes are to be amortized over the period of 36 months and in case of any other open ended scheme, over the claw back period. In case of closed ended schemes upfront brokerage to be amortized over the tenure of the scheme.

New Fund Offer (NFO): Launch expenses relating to New Fund Offer are to be charged to the Statement of Profit and Loss in the year in which they are incurred and for close ended scheme it is to be charged to the Statement of Profit and Loss over the tenure of the scheme

## 2.16 Scheme related expenses:

All recurring expenses of the schemes of the IDBI Mutual Fund including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India (Mutual Fund) Regulations Act 1996, as amended, or in excess of limits and as given in the Scheme Information Document that are required to be borne by the Company as per the said regulations, are charged to the Statement of Profit and Loss as Scheme related expenses.

### 3. Other Notes to Accounts

#### 3.1 Employee benefits:

In accordance with the Accounting Standard -15 (Employee Benefits) prescribed in the Companies (Accounting Standards) Rules, 2006, the company has classified the various benefits provided to the employer as under:

##### Defined Contribution Plan

##### Provident Fund

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

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Employer's contribution to Provident Fund	55,18,977	64,72,275

#### a) Defined Benefit Plan

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

In accordance with Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company.

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

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

##### Change in funded benefit obligations:

	Amount in Rupees	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Present value of funded benefit obligations as at 1st April	1,16,86,330	1,35,76,031
Service cost	22,50,259	23,12,669
Interest cost	8,43,753	10,58,930
Past Service Cost - Vested Benefit Incurred During the Period	22,222	-
Benefit Paid from the Fund	(35,85,796)	(49,10,907)
Actuarial (Gains)/ Losses on obligation-due to change in Demographic Assumption	(14,41,294)	-
Actuarial (Gains)/ Losses on obligation-due to change in Financial Assumptions	8,684	4,62,472
Actuarial (gain)/loss on obligations-due to experience	(13,72,986)	(8,12,865)
<b>Present value of funded benefit obligations as at 31st March</b>	<b>84,11,172</b>	<b>1,16,86,330</b>

##### Reconciliation of opening and closing Balance of Fair Value of Plan Assets:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Fair value of plan assets as at beginning of the year	80,87,818	1,15,28,381
Expected return on plan assets	5,83,940	8,99,214
Actuarial gain/(loss)-due to experience	3,49,117	1,37,260
Employer contribution	58,261	4,33,870
Benefits paid	(35,85,796)	(49,10,907)
<b>Fair value of plan assets at the year end</b>	<b>54,93,340</b>	<b>80,87,818</b>

##### Reconciliation of Fair Value of Assets and Obligations:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Present Value of Benefit Obligation as at the end of the period	(84,11,172)	(1,16,86,330)
Fair Value of Plan Assets at the end of period	54,93,340	80,87,818
<b>Net ( Liability ) / Asset recognized in the Balance Sheet</b>	<b>(29,17,832)</b>	<b>(35,98,512)</b>

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## Expense recognized during the year:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current Service Cost	22,50,259	23,12,669
Interest Cost	8,43,753	10,58,930
Expected return on plan assets	(5,83,940)	(8,99,214)
Actuarial (gain) / loss	(31,54,713)	(4,87,653)
Past Service Cost - Vested Benefit Recognized During the Period	22,222	-
<b>Expenses recognized in Profit and Loss A/C</b>	<b>(6,22,419)</b>	<b>19,84,732</b>

## Experience Adjustments:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(Gains) / Losses on Plan Obligations	(13,72,986)	(8,12,865)
Gains / (Losses) on Plan Assets	3,49,117	1,37,260
Estimated Contribution for next year	32,85,779	37,43,004

## Actuarial assumptions used are:-

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Discount rate	7.18%	7.22%
Salary escalation rate	10.00%	10.00%
Attrition rate	26.80%	10.00%
Expected return on plan assets	7.18%	7.22%

## b) Accumulated Compensated Absences:

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

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Present value of obligation as at end of the year	34,38,147	55,69,380
Fair value of plan assets	-	-
Actuarial assumption used	-	-
Discount rate	7.18%	7.22%
Salary escalation rate	10.00%	10.00%
Cost recognized during the year	(16,50,280)	77,337

## 3.2 Segment Reporting:

The company is in the business of providing Investment management service to the mutual fund, and the entire revenue from operations is from the above service rendered in India. Hence the company has no other reportable business or geographical segment.

## 3.3 Related party disclosures:

As required under Accounting Standard – 18 the following are details of related parties and transactions with them.

### (A) List of related parties and relationships :

I	Individuals having control with relatives & associates	
	Dilip Kumar Mandal	Managing Director and Chief Executive Officer
II	Key Management Personnel	
	Dilip Kumar Mandal	Managing Director and Chief Executive Officer
	Amit Bhavsar	Chief Financial Officer
	Chandra Bhushan	Company Secretary

III	Entities owned or significantly influenced by Directors and/or key management personnel or their relative and with whom Company has entered into transactions during the period under review	
	IDBI Bank Limited	Holding Company
	IDBI Capital Markets and Services Limited	Associate Company
	IDBI In-tech Limited	Fellow Subsidiary
	IDBI MF Trustee Company Limited	Fellow Subsidiary
IV	Other related parties with whom Company has entered into transactions during the period under review	
	Yes Bank Limited	Other Related Party
V	Entities owned or significantly influenced by Directors and/or key management personnel or their relative and with whom Company has not entered into transactions during the period under review	
	IDBI Federal Life Insurance Company Limited	Fellow Subsidiary
	IDBI Trusteeship Services Limited	Fellow Subsidiary
VI	Other related parties with whom Company has not entered into transactions during the period under review	
	Micro Units Development and Refinance Agency Limited	NIL
	RML Agtech Private Limited	NIL
	IFCI Factors Limited	NIL
	NSDL	NIL
	NSDL E Governance Infrastructure Ltd	NIL
	Biotech Consortium (I) Limite	NIL
	North East Development Finance Corporation Limited	NIL
	Pondichery Industrial Promotion Development and Investment Corporation Limited	NIL

**(B) Transaction with related parties:**

Amount in Rupees

IDBI Bank Limited :	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Transactions with IDBI Bank		
Expenditure Incurred:		
• Upfront Brokerage	7,39,91,805	5,40,95,635
• Trail/Annualized Brokerage	11,51,36,054	8,25,55,128
• Office Rent	2,98,43,846	2,79,19,142
• Office Utilities - Electricity & Water	4,20,722	1,82,981
• House-keeping, Maintenance & Others etc	1,92,999	1,58,961
• Statutory Levies & Interest	2,09,762	2,08,086
• Salary of Staff on Deputation	55,34,663	79,03,280
• Scheme Related Expenses	39,42,203	28,55,790
• Reimbursement of Sharing Expenses	13,37,164	19,45,906
Interest Received by the Company	30,81,338	4,09,71,058

Amount in Rupees

IDBI Capital Market Services Limited :	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Transactions with IDBI Capital Market Services Ltd		
Expenditure Incurred:		
• Upfront Brokerage	94,487	35,694
• Trail/Annualized Brokerage	1,36,166	97,177
• Bank Charges	518	-

Amount in Rupees

IDBI Intech Limited:	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Transactions with IDBI Intech		
Expenditure Incurred		
• IT& Communication services	76,30,000	76,15,304
• Outsourced Services Fees	-	3,76,875

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Amount in Rupees

<b>IDBI MF Trustee Company Limited (Including the transaction with IDBI Mutual Fund)</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
Transactions with IDBI MF Trustee Company Limited		
• Secretarial and Accounts Services Fees	28,76,292	32,84,219
• Management Fees	80,03,76,797	59,28,34,704
• Upfront Brokerage Receivable	-	1,43,59,757
• Upfront Brokerage Advance	-	1,95,13,655
• Other Advance given & received	1,12,74,916	1,00,00,000
• Upfront Brokerage	20,12,030	-

Amount in Rupees

<b>IDBI Federal Life Insurance Company Ltd:</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
Transactions with IDBI Federal Life Insurance Company Limited		
• Group Insurance	41,744	4,72,806

<b>Yes Bank Limited :</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
Transactions with Yes Bank Ltd		
Expenditure Incurred:		
• Trail/Annualized Brokerage	64,322	38,086
• Scheme Related Expenses	1,84,448	-

## Balances with related parties:

Amount in Rupees

<b>Particulars</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
1. IDBI Bank Limited (Holding Company)		
• Creditors	2,37,30,201	3,39,71,453
• Bank Balance/Fixed Deposit	76,26,810	59,94,25,840
• Capital Contribution	1,33,34,00,000	1,33,34,00,000
• Interest Due but Not Received	-	95,845
• Reimbursement Receivable	-	11,80,242
2. IDBI Capital Market Services Limited		
• Creditors	17,793	23,473
• Capital Contribution	66,66,00,000	66,66,00,000
3. IDBI In-tech Limited		
• Creditors	6,83,100	6,08,465
4. IDBI MF Trustee Company Limited		
• Management Fees Receivable	-	1,09,83,255
• Upfront Brokerage Receivable	-	10,32,485
• Upfront Brokerage Advance	-	1,95,13,655
• Secretarial and Accounts Services Fees receivable	10,55,172	3,19,886
5. IDBI Federal Life Insurance Company Limited		
• Other Current Assets	NIL	3,15,276
6. Yes Bank Limited		
• Creditors	48,544	4,149

**(C) Summary of transactions with related parties:**

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
IT& Communication services	76,30,000	76,15,304
Outsourced Service Fees	-	3,76,875
Upfront Brokerage	7,40,86,293	5,41,31,329
Trail/Annualized Brokerage	11,53,36,542	8,26,90,391
Office Rent	2,98,43,846	2,79,19,142
Office Utilities & Water	4,20,722	1,82,981
House-keeping, Maintenance & Others etc	1,92,999	1,58,961
Statutory Levies & Interest	2,09,762	2,08,086
Salary of Staff on Deputation	55,34,663	79,03,280
Bank Charges	518	-
Group Insurance	41,744	4,72,806
Scheme Related Expenses	41,26,651	28,55,790
Interest on Fixed Deposit with IDBI Bank	30,81,338	4,09,71,058
Secretarial Fees	28,76,292	32,84,219
Management Fees	80,03,76,797	59,28,34,704

**(D) Managerial Remuneration:**

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Salary & Allowances paid to MD& CEO	55,34,663	55,46,078

**3.4 Extraordinary items**

Some of the schemes of IDBI Mutual Fund have made investment in debt securities issued by Bilt Graphic and Paper Products Limited (BGGPL) which have not been paid by BGPPL. In this regard IDBI AMC has advance a sum of Rs.26.75 crore considering long term and larger interests of the schemes, investors, industry practice and for upholding the image of the group. Considering the present scenario a sum of Rs.13.725 crore has been written off provided in the books.

**3.5 Operating lease**

The Company has entered into non-cancelable operating lease arrangements for certain assets. Following are the disclosure requirements as per the Accounting Standard – 19:

The total lease payments recognized in the Profit and Loss Account towards the said leases amounts to Rs.72,177/- (PY Rs. 9,59,479/-)

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

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Not Later than One year	-	70,416
Later than one year but not later than five years	-	-

**3.6 Earnings per share:**

In Accordance with Accounting Standard - 20, the computation of earnings per share is set out below:

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Net (Loss)/ Profit after tax attributable to equity shareholders(A)	8,01,13,527	7,25,80,845
Calculation of weighted average number of equity shares(B) :		
- No. of shares at the beginning of the period	20,00,00,000	20,00,00,000
- No. of shares issued during the period	NIL	NIL
- Total No. of shares outstanding at the period	20,00,00,000	20,00,00,000
- Nominal Value of the equity share – per share	10/-	10/-
- Paid up value of the equity share – Per share	10/-	10/-
- Weighted average no. of shares at 10/- paid up per share equivalent	20,00,00,000	20,00,00,000
Basic (loss)/ earnings per share of the face value of 10/- for the period(A)/(B)-	0.40	0.36

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## 3.7 Deferred Taxes :

In accordance with Accounting Standard 22 - Accounting for taxes on Income, the major components of deferred tax as at 31st March 2018 are as follows:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Deferred Tax Asset</b>		
Gratuity	9,01,613	11,11,940
Leave Encashment	10,62,387	17,20,938
Amortization of Preliminary expenses	5,87,100	13,90,500
Accumulated Losses	27,43,66,000	14,46,11,749
Depreciation	1,90,761	1,915
<b>Deferred Tax Asset at the year end</b>	<b>27,71,07,861</b>	<b>14,88,37,043</b>
<b>Deferred Tax Liability</b>		
Amortization of Marketing & Distribution expenses	-	-
<b>Deferred Tax Liability at the year end</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax Liability/ (Assets) Net</b>	<b>(27,71,07,861)</b>	<b>(14,88,37,043)</b>

Deferred Tax Asset on accumulated brought forward business losses and un-absorbed depreciation losses have been recognized during this year for the losses of AY 2012-13 and 2013-14. For AY 2015-16, 2016-17, 2017-18 and 2018-19 losses would be recognized only after the brought forward losses are finalized following the decisions of the appellate authorities and assessments.

## 3.8 Impairment of Assets:

During the year, the company has undertaken a review of all fixed assets in line with the requirements of Accounting Standard-28 on "Impairment of Assets". Based on such review, no provision for impairment is required to be recognized for the year.

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

3.10 Contingent liabilities are as under:

Letter of Credit: Nil
For the AY 2012-13 the Income Tax Department vide its assessment order under section 143(3) dated 27-02-2015 disallowed certain expenditures thereby reducing the loss and initiated penalty proceedings under section 271(1)(c) of the Income Tax Act. The Company has filed an appeal against the said assessment. No provision has been made in this regards.
For the AY 2013-14 the Income Tax Department vide its assessment order under section 143(3) dated 15-03-2016 disallowed certain expenditures thereby reducing the loss and initiated penalty proceedings under section 271(1)(c) of the Income Tax Act. The Company has filed an appeal against the said assessment. No provision has been made in this regards.
For the AY 2015-16 the Income Tax Department vide its assessment order under section 143(3) dated 26-12-2017 disallowed certain expenditures thereby reducing the loss and initiated penalty proceedings under section 271(1)(c) of the Income Tax Act. The Company has filed an appeal against the said assessment. No provision has been made in this regards.
In the MVAT assessment for the financial year 2011-12 the VAT department has disallowed the set-off claimed of purchase VAT paid on the purchase of Gold in the IDBI MF Gold ETF scheme and raised a demand of Rs. 43.34lacs on the Company. The Company has also filed an appeal against this assessment. No provision has been made in this regards. An adhoc payment under protest of Rs. 15 lacs has been made during the year.

3.11 Earnings in foreign exchange: NIL

3.12 Expenditure in foreign exchange: Travelling Expenses Rs.1,40,881/-(P.Y.- Rs. 1,64,626/-)

3.13 Dues to Micro, Small and Medium Enterprises:

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

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

**3.14 Details of Payment to Auditors**

Amount in rupees

Particulars	31 March' 2018	31 March' 2017
(a) Audit	3,20,000	3,00,000
(b) For taxation matters	1,15,000	1,00,000
(c) For other services	3,00,000	3,00,000
<b>Total</b>	<b>7,35,000</b>	<b>7,00,000</b>

**3.15** Levy of penalty or additional interest by statutory body/ regulator: Nil

**3.16 Transfer Pricing:**

The company has a comprehensive system of maintenance of information required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislations will not have any impact on the financial statements, particularly on the amount of tax expense.

**3.17** Balances of sundry creditors, advances and deposits are subject to confirmation and reconciliation/subsequent adjustment if any.

**3.18** Figures have been rounded off to the nearest rupee.

**3.19** Previous period figures have been regrouped to conform to the current year classification.

vide our report of even date

For **CR Sagdeo & Co**  
Chartered Accountants  
Firm Regn No 108959W

Sd/-  
(Krishna Prasad Nair)  
Chairman  
DIN: 02611496

 For **IDBI Asset Management Limited**

Sd/-  
(Dilip Kumar Mandal)  
Managing Director & CEO  
DIN: 03313130

Sd/-  
(Suman Bose)  
Partner  
M.No.045239

Sd/-  
(Chandra Bhushan)  
Company Secretary  
ACS 30954

Sd/-  
(Amit Bhavsar)  
CFO & COO  
FCA 105890

Place : Mumbai  
Date : April 21, 2018



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## NOTES

A series of horizontal dotted lines spanning the width of the page, intended for handwritten notes.



**IDBI ASSET MANAGEMENT LIMITED**