



**IDBI ASSET MANAGEMENT LIMITED**

**CIN : U65100MH2010PLC199319**

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

**Tel: (022) 66442800 : Fax: 66442801: Website: www.idbimutual.co.in**

## **NOTICE OF THE FIFTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifth Annual General Meeting of the members of M/s. IDBI Asset Management Limited will be held in the Small Conference Room of IDBI Bank Limited on the 24<sup>th</sup> floor at IDBI Tower, Cuffe Parade, Mumbai- 400005 on Monday, the 24<sup>th</sup> day of August 2015 at 4.00 P M, to transact the following Ordinary and Special Business:

### **A. Ordinary Business**

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

To receive, consider and adopt the Audited Financial Statements of the Company consisting of Balance Sheet as at 31<sup>st</sup> March, 2015, the statement of Profit and Loss, Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2015 and the reports of the Board of Directors' and the Statutory Auditors' and the comments of the Comptroller & Auditor General of India thereon.

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

**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 Section 139(5) and other applicable provisions, if any, of the Companies Act, 2013, the Statutory Auditors of the Company be appointed, subject to the directions given in this regard by the Comptroller and Auditor-General of India, for such period as may be prescribed from time to time.

RESOLVED FURTHER THAT the remuneration of the Statutory Auditors as appointed by the Comptroller & Auditor General of India (C & AG) under Section 139(5) of the said Act, be and is hereby approved up to Rs 4,00,000/- p.a. plus reimbursement of admissible travelling and out of pocket expenses along with service tax as applicable, for the year 2015-16.”

RESOLVED FURTHER THAT the Board be and are hereby authorized to negotiate and finalize the remuneration payable to statutory auditors, including over and above the limit of Rs. 4,00,000/- p.a..”

## **B. Special Business**

### **3. Item no 3:Confirmation of Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) as Nominee Director, liable to retire by rotation.**

**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 in accordance with Section 161 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof), and in terms of the Articles of Association of the Company and as per IDBI Bank Letter no 22/SAIC/Nominee Dated April 23, 2015, Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686), who was appointed as a Nominee Director (Additional Director) of the Company, Nominated by IDBI Bank Limited, by the Board of Directors by passing resolution by circulation (received assent of all directors on 14<sup>th</sup> May 2015) and subsequently ratified at the meeting held on June 27, 2015, effective from May 14 2015, pursuant to Articles 171(b), 173 and 179 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013, and who holds office upto the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013, and Article 179 of the Articles of Association of the Company, and in respect of whom a written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a member signifying his intention to propose Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686), as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, Nominated by IDBI Bank Limited, whose period of office shall be liable to determination by retirement by rotation.”

### **4. Item no 4:Appointment of Ms Geeta P Shetti (DIN: 02948958) as an Independent Director**

**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, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (the Rules) including any statutory modification(s) or amendment or any substitution or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms Geeta P Shetti (DIN: 02948958), who was appointed as Additional Independent Director by the Board with effect from 12<sup>th</sup> February 2015 and whose term expires at this Annual General Meeting and who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, in respect of whom the Company has received a notice in writing u/s 160 of the Act from a member proposing her candidature for the office of Director , be and is hereby appointed as an Independent Director of the Company not liable to

retire by rotation in terms of Sections 149(4),(10) & (11) (including explanation thereof) and 152(6)(e) of the Companies Act, 2013 and to hold office for a term up to 11<sup>th</sup> February, 2020.”

**5. Item no 5:Appointment of Mr Annavarapu Venkata Rammurty (DIN: 00050455) as an Independent Director**

**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, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (the Rules) including any statutory modification(s) or amendment or any substitution or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr Annavarapu Venkata Rammurty (DIN: 00050455), who was appointed as Additional Independent Director by the Board with effect from 20<sup>th</sup> April 2015 and whose term expires at this Annual General Meeting and who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 in respect of whom the Company has received a notice in writing u/s 160 of the Act from a member proposing her candidature for the office of Director , be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation in terms of Sections 149(4),(10) & (11) (including explanation thereof) and 152(6)(e) of the Companies Act, 2013 and to hold office for a term up to 19<sup>th</sup> April, 2020.”

**6. Item no 6:Authorisation for Related Party Transactions**

**To consider and, if thought fit, to give your assent or dissent to the following Resolution, with or without modifications, as a Special 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 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, for a value not exceeding Rs. 10 crore for each contract and/or arrangement which is not in ordinary course of business and/or not at arm’s length price or at such price with the approval of the Audit Committee of the Board and thereafter of the Board of Directors of the Company 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 committee of Directors to give effect to the aforesaid Resolutions.”

#### **7. Authorization for Investments of surplus funds of the Company in FD/Mutual Funds**

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

“RESOLVED THAT pursuant to the provisions of Section 186, 179(3) and other applicable provisions, if any, of the Companies Act, 2013 and subject to such approvals, consents, sanctions and permissions of appropriate authorities, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company including sub delegation thereof to Committee/MD & CEO to invest in mutual funds, fixed deposits and other debt securities, and/or acquire by way of subscription, purchase or otherwise the securities of any Body Corporate, up to a limit not exceeding Rs. 150 Crore (Rupees One Hundred Fifty Crores Only) including ratification for existing investments done if any, notwithstanding that the aggregate of the investment, and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to discuss / negotiate and / or finalise the terms and conditions for aforesaid acquisition(s) and to sign/modify, alter, amend or withdraw any document(s), paper(s) or writing(s) in this regard and to do all such acts, deeds and things as may be considered necessary, expedient or incidental in order to giving effect to this Resolution.”

For and on behalf of the Board of Directors

s/d-

Place : Mumbai  
Date : June 27, 2015

Manesh Jiandani  
Company Secretary  
IDBI Asset Management Limited  
CIN no: U65100MH2010PLC199319

NOTES:

- A 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 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 14 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

### **Item no 2:**

In terms of section 139(5) of the Companies Act 2013, the Company is subjected to Comptroller and Auditor General of India (C&AG) audit. The accounts of the Company are required to be audited by Statutory Auditors appointed by the C&AG. These Auditors shall hold office till the conclusion of the AGM and as per the directions of the C&AG from time to time. The Company has approached C&AG for appointment of the Statutory Auditors for the Financial Year 2015-16. The C&AG is yet to advise the Company in this regard.

The remuneration of the Statutory Auditors are required to be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. The members are requested to authorise the Board of Directors to fix the remuneration payable to the Statutory Auditors. Therefore, it is proposed that by passing ordinary resolution under section 139 of the Companies Act, 2013, the Board may be authorised to negotiate and finalize the remuneration over and above the limits of Rs. 4,00,000/- p.a.. The other terms and conditions and remuneration of the Statutory Auditors would be as fixed by the Board of Directors of the Company on the recommendations of the Audit Committee. The Ordinary Resolution as contained at Item No.2 of the AGM Notice is accordingly proposed to be passed by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 2.

### **Item no 3:**

IDBI Bank Limited, in terms of Article 171 (b) of the Articles of Association of the Company, Vide letter no. 22/SAIC/Nominee dated April 23,2015 had advised appointment of Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686), Executive Director & CFO, IDBI Bank Ltd, as Nominee Director on the Board of IDBI AML.

Accordingly, the Board of Directors had, by way of circular resolution, which was ratified in the meeting held on June 27, 2015 appointed Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) as an Additional Nominee Director of the Company with effect from May 14, 2015.

### **Brief Profile of Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686):**

Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) is a graduate in Science and a Chartered Accountant. He has more than three decades of Banking experience covering Treasury, International Banking, Risk Management etc. He spearheaded the transformation of IDBI from a Development Financial institution to a Commercial Bank, merger of IDBI Bank with IDBI, takeover of United Western Bank by IDBI and setting up of Stressed Asset Stabilisation Fund. He also set up the first overseas branch of IDBI Bank in Dubai International Financial Centre and was the CEO of the Branch in the first two years. He was also the MD and CEO of IDBI Gilts Ltd, the Primary Dealer subsidiary of IDBI Bank. He has actively contributed in the development of Financial Products in the market eg; issuance of long term senior bonds

including tax free infrastructure bonds on public as well as private placements under the brand names of IDBI Flexi Bonds and IDBI Omni Bonds, retailing of Government Securities by leveraging technology and launching a dedicated internet based portal christened IDBI Sammridhi Portal for marketing G-Secs including Inflation Index Bonds, Launching of CDS and launching of Corporate Bond Repo using Global Master Repurchase Agreement. In his present role as Executive Director & CFO, he is heading the Treasury, International banking, Central Accounts Departments of the Bank.

His other Directorships are:

Organization Name	Any association with the sponsor	Position held	Period From – To
FIMMDA	No	Chairman	2011 and onwards
FEDAI	No	Managing Committee	2011 and onwards

Under Section 161(1) of the Companies Act, 2013 read with Article 179 of the Articles of Association of the Company, Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) as a candidate for the office of Director of the Company.

Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) does not receive any remuneration, benefits, or commission from the Company.

Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) does not hold by himself any shares in the Company.

The Board considers that the appointment of Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company who shall be liable to determination by retirement of directors by rotation.

Except Shri N S Venkatesh (DIN: 01893686), being an appointee, Shri M S Raghavan (05236790) being the Chairman and Managing Director of IDBI Bank Limited, Shri S N Baheti (00136476) being on deputation from IDBI Bank Limited none of the Directors and Key Managerial Personnel of the IDBI AML and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

#### **Item No 4:**

As per the provisions of Section 149(1) of the Companies Act 2013, the Company should have at least one woman director.

Keeping in view the above legal requirements, Ms. Geeta P. Shetti (DIN: 02948958) was appointed as Additional Independent Director in the Board meeting held on 12<sup>th</sup> February 2015 in terms of Article 168 of the Articles of Association of the Company and in terms of the provisions of Section 149,152 of the Companies Act 2013. She holds office only upto the date of this Annual General Meeting, and is eligible for re - appointment. Ms. Geeta P. Shetti (DIN: 02948958) is Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee and Committee of Independent Directors of the Company.

**Brief Profile of Ms. Geeta P. Shetti (DIN: 02948958):**

Ms. Geeta P. Shetti (DIN: 02948958) is a MSc and a Post Graduate in Mathematics by qualification. She has more than three decades of Banking experience and have worked in different capacities in various departments of Indian Overseas Bank and retired as a General Manager from Indian Overseas Bank. She has also served on Boards of Various Companies in different capacities during her tenure in Indian Overseas Bank.

Ms. Geeta P. Shetti (DIN: 02948958), Independent Director is currently not on Board of any other Company.

Ms. Geeta P. Shetti (DIN: 02948958) does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, Ms. Geeta P. Shetti (DIN: 02948958) being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term upto 11<sup>th</sup> February, 2020. A notice has been received from a member proposing Ms. Geeta P. Shetti (DIN: 02948958) as a candidate for the office of Director of the Company.

Ms. Geeta P. Shetti (DIN: 02948958) does not receive any remuneration, benefits, or commission except sitting fees from the Company.

In the opinion of the Board, Ms. Geeta P. Shetti (DIN: 02948958) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of draft letter for appointment of Ms. Geeta P. Shetti (DIN: 02948958) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Geeta P. Shetti (DIN: 02948958) as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Geeta P. Shetti (DIN: 02948958) as an Independent Director, for the approval by the shareholders of the Company.

Except Ms. Geeta P. Shetti (DIN: 02948958), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

**Item no 5:**

Shri Annavarapu Venkata Rammurty (DIN: 00050455) was appointed as Additional Independent Director in the Board meeting held on 20<sup>th</sup> April 2015 in terms of Article 168 of the Articles of Association of the Company and in terms of the provisions of Section 149,152 of the Companies Act 2013. She holds office only upto the date of this Annual General Meeting, and is eligible for re - appointment. Shri Annavarapu Venkata Rammurty (DIN: 00050455) is member of the Audit Committee, Nomination & Remuneration Committee and Committee of Independent Directors of the Company.

**Brief Profile of Shri Annavarapu Venkata Rammurty (DIN: 00050455)**

Shri Annavarapu Venkata Rammurty (DIN: 00050455) is a MSc by qualification. His started his career as a sub editor with Times of India Group in 1970 and over a period of two decades moved up the ladder to become the Chief editor. He then moved on to join Entrepreneurship Development Institute of India, Ahmedabad as Senior Executive, Business Development, Promotions & Publications in 1983. Thereafter, he joined IDBI Bank Limited as AGM in June 1984 and handled various responsibilities in different capacities. He retired as CGM – CSPD from IDBI Bank Limited in August 2010. During his stint at IDBI Bank Limited he has also served on Boards of Various Companies in as Nominee Director of IDBI Bank Limited. he has also served on the Board of Mann Industries (India) Limited.

Shri Annavarapu Venkata Rammurty (DIN: 00050455), Independent Director is currently not on Board of any other Company.

Shri Annavarapu Venkata Rammurty (DIN: 00050455) does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, Shri Annavarapu Venkata Rammurty (DIN: 00050455) being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term upto 19<sup>th</sup> April, 2020. A notice has been received from a member proposing Shri Annavarapu Venkata Rammurty (DIN: 00050455) as a candidate for the office of Director of the Company.

Shri Annavarapu Venkata Rammurty (DIN: 00050455) does not receive any remuneration, benefits, or commission except sitting fees from the Company.

In the opinion of the Board, Shri Annavarapu Venkata Rammurty (DIN: 00050455) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of draft letter for appointment of Shri Annavarapu Venkata Rammurty (DIN: 00050455) as an Independent Director setting out the terms and conditions would be available for inspection

without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Annavarapu Venkata Rammurthy (DIN: 00050455) as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Annavarapu Venkata Rammurthy (DIN: 00050455) as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Annavarapu Venkata Rammurthy (DIN: 00050455), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

### **Item no 6**

IDBI Asset Management Limited (IDBI AMC), is a Subsidiary of IDBI Bank Ltd. IDBI AMC has been appointed as Investment Manager by IDBI MF Trustee Company Limited vide Investment Management Agreement dated 20th February 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 AGM which are in the ordinary course of business and to support the operations of the Company.

The Ministry of Company Affairs have vide circular no 426 dated August 14, 2014 have amended Companies (Meetings of Board and its Powers) Rules 2014 wherein under Rule 15, the criteria for Related Party Transactions requiring prior approval of shareholders by way of Special Resolution have been revised as under

“(3) For the purposes of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a special resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,— (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mentioned below - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of

section 188; (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent. of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188; (iii) leasing of property of any kind exceeding ten per cent. of the net worth of the company or ten per cent. of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation.—It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; or

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation.- (1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.

(2) In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

(3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:— (a) name of the related party ; (b) name of the director or key managerial personnel who is related, if any; (c) nature of relationship; (d) nature, material terms, monetary value and particulars of the contract or arrangement; (e) any other information relevant or important for the members to take a decision on the proposed resolution.”

Further, under the Companies Amendment Act 2015, which has been enacted w.e.f. May 29, 2015 amends Section 188 as under:

- 1) The resolution to be passed by the Shareholders to be an Ordinary Resolution.
- 2) A third proviso is being inserted under Section 188 which reads as

"Provided also that the requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.";

Since IDBI Bank is a holding Company of IDBI AMC and the accounts of the Company is consolidated with the accounts of IDBI Bank, Contracts or Arrangements being entered with IDBI Bank would not require approval of the shareholders as enumerated in the above proviso.

Further the Companies amendment act 2015 also amends section 177 in sub section (4) in clause (iv) by inserting the proviso which read as under

"Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed;".

Since the conditions for omnibus approval has not been specified, the said section shall come into effect on notification at a subsequent date.

IDBI Asset Management Limited currently has the following contracts entered with the related parties

<b>A</b>	<b>B</b>		<b>C</b>	<b>D</b>	<b>E</b>
<b>Sr. no</b>	<b>Name of party</b>	<b>Name of Director or Key Managerial Personnel who is related of any</b>	<b>Nature of Relationship</b>	<b>Nature, material terms, monetary value and particulars of the contract or arrangement</b>	<b>Whether in ordinary course of business and at arms length price</b>
1	IDBI Federal	Shri M S Raghavan – Chairman	Group Company	Group Insurance Continuing and renewed every year by paying premium  All employees of IDBI Asset	In ordinary course of business and at market price

				<p>Management Ltd. from their date of commencement of service until leaving service, but no later than the normal retirement age of 60 years.</p> <p>Limit is Rs. 85,00,000 for all existing and new employees of IDBI Asset Management Ltd. Members with SAs ranging from Rs. 8,500,001 and Rs. 11,000,000 are required to fill in the attached MQ</p> <p>SUM Insured : Rs. 280,703,250</p> <p>Premium paid Rs. 3,65,047</p>	
4.	IDBI Capital Market Services Limited	Shri M S Raghavan – Chairman	Group Company	<p>Distribution brokerage as per board approved Compensation Structure.</p> <p>Total paid during FY 2014-15: Rs. 1,38,000</p>	In ordinary course of business and at competitive price
5	IDBI Bank Limited	Shri M S Raghavan – Chairman	Holding Company	<p>Distribution brokerage as per board approved Compensation Structure.</p> <p>Total paid during FY 2014-15: Rs. 4,56,16,036/-</p>	In ordinary course of business and at competitive price
6	IDBI Bank Limited	Shri M S Raghavan – Chairman	Holding Company	Rent IDBI AMC has been provided	In ordinary course of business and at

				premises at 13 locations IDBI AMC on leave and Licence basis. Office Space is being provided within the office premises of IDBI Bank.	competitive price
7	IDBI Bank Limited	Shri M S Raghavan – Chairman	Holding Company	Salary of deputed employees Salary of 1) Shri S N Baheti MD & CEO 2) Shri Manesh Jiandani Company Secretary 3) Shri Anil Dhawan, DGM 4) Shri Annavarapu Venkat Rammurthy, Manager The salaries are paid to employees by IDBI Bank and which is reimbursed by IDBI AMC.	In ordinary course of business and IDBI Bank salary
8	IDBI MF Trustee Company Limited		Group Company	Scheme expenses 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 AMC.  <b>Scope of work</b> To manage the funds, ensure	In ordinary course of business

				<p>compliance with regulations and accounting of transactions of schemes, formalize, float and launch new schemes with approval of Trustees, to issue sell units of Mutual fund, to invest in securities as per investment objective on behalf of Mutual Fund, to declare and pay dividend, calculation of NAV, appointment of intermediaries Scheme overlap expenses</p> <p>Secretarial &amp; accounting service expenses:</p> <p>Certain common expenses incurred by AMC such as Rent, Electricity, Maintenance relating to Mumbai office premises and also a portion of salary expenses for the services rendered by AMC. Out of the above common expenses we charge 5% to MF Trustee Co The Services of around 12 officials</p>	
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				<p>are being used for MF Trustee Co related work as MF Trustee Co. does not have any employee on its roles. These 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 which would work out to Rs. 12 lakh p.a.</p> <p>Around 5.5% of total Scheme overlap expenses is also being charged by IDBI AMC</p>	
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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.

Since the current Turnover of the Company as on 31st March 2015 is Rs. 29,91,84,619, the value of certain existing contracts exceed the limits provided under Section 188 read with rule 15 of Companies (Meetings of the Board and its Powers) Rules 2014 as amended by MCA circular no GSR 590(E) dated 14<sup>th</sup> August 2014.

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 new Companies Act 2013 w.e.f. 01<sup>st</sup> April 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 networth/Turnover of the Company.

Hence, It is proposed to the members to authorize the Company to enter into further contracts with the approval of ACB/Board as may be required and to authorize the Board of Directors with powers to enter into contracts for a value not exceeding Rs. 10 crore for each such contract or arrangement which are not in ordinary course of business and/or not at arm's length 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 to authorize MD & CEO to enter into such contracts and arrangements with prior approval of the board.

The extent of interest and concern of the Directors and Key Managerial Personnel of the Company and their relatives, financial or otherwise, in the resolution set out at Item No. 6 have been disclosed above

#### **Item no 7**

The company's current investments made in Mutual Funds/FDs are nearing the ceiling limit and it is therefore proposed to increase the investment limit to Rs 130 crore. Since the returns earned in investments specifically in Mutual Funds are automatically reinvested into the said schemes, it is likely that the limit may breach in future, hence to avoid such eventuality, it is proposed to seek an approval for the same.

The company foresees opportunity for deploying surplus funds, as and when available, into profitable avenues. While several options are available for such deployment, the company will tread cautiously while making the investment decisions. The funds may be invested in Mutual funds, Fixed Deposits and other investments which, in the opinion of the Board/Its Committee/MD &CEO are safe and secure and will yield a reasonable return. Even while investing in Mutual Funds a fair proportion will be allocated to debt funds which are comparatively more secure than equity funds.

Section 186 of the Companies Act, 2013 prescribes certain limits for investments and if the actual investment should exceed such limit, it can so be done only with the approval of the members by passing a special resolution.

Accordingly, a resolution is proposed under section 186 of the Companies Act, 2013 for the approval of the members. The resolution when approved will be implemented by the Board of Directors of the Company or a Committee of the Board or by MD & CEO on sub delegation by deciding upon a judicious mix of the various options of investments .

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

**CIN: U65100MH2010PLC199319**

Name of the company: IDBI ASSET MANAGEMENT LIMITED

Registered office: IDBI TOWER, WTC COMPLEX, CUFFE PARADE, MUMBAI 400 005

Name of the member (s):	
Registered Address:	
Email Id:	
Folio no/Client Id:	
DP ID:	

I/We, being the member (s) of ..... shares of the above named 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:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 5<sup>th</sup> Annual General Meeting of the company, to be held on Monday the 24<sup>th</sup> day of August 2015 At.4.00 p.m. at the Registered Office of the Company situated at IDBI Tower on the 24<sup>th</sup> floor, WTC complex, Cuffe Parade, Mumbai 400 005 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1 Adoption of Financial Statements of the Company for the year ended 31st March, 2015 and the reports of the Board of Directors' and the Statutory Auditors' and the comments of the Comptroller & Auditor General of India thereon

2 To fix the Remuneration of the Statutory Auditors of the Company

3 Confirmation of Shri Narasinganallore Srinivasan Venkatesh (DIN: 01893686) as Nominee Director, liable to retire by rotation.

4 To consider appointment of Ms Geeta P Shetti (DIN: 02948958) as an Independent Director of the Company upto 31st March 2020.

5 To consider appointment of Mr Annavarapu Venkata Rammurthy (DIN: 00050455) of the Company upto 31st March 2020.

6 To approve the authority to the Board of Directors of the Company to enter into related party transactions upto certain limits.

7 Authorization for Investments of surplus funds of the Company in FD/Mutual Funds

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

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 48hours before the commencement of the Meeting.



**IDBI ASSET MANAGEMENT LIMITED**

**CIN : U65100MH2010PLC199319**

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

**Tel: (022) 66442800 : Fax: 66442801: Website: www.idbimutual.co.in**

### **ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE  
ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Fifth Annual General Meeting of the Equity Shareholders of IDBI Asset Management Limited, convened at the Registered Office of the Company situated at IDBI Tower on the 24<sup>th</sup> floor, WTC complex, Cuffe Parade, Mumbai 400 005 on Monday, 24<sup>th</sup> day of August, 2015, at 4.00 P. M.

Full Name of the *Shareholder/Proxy (in Block Letters)	
Folio No. or Client/ DP ID No.:	
No. of Shares held:	
Name of the proxy	
Signature	

\*Strike out whichever is not applicable

#### **NOTE:**

Members who have multiple folios / demat accounts with different joint holders may use copies of this attendance slip. Only Shareholders of the Company or their Proxies will be allowed to attend the Meeting.

Equity Shareholders attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.

Route map for the venue of AGM

The screenshot displays a Google Maps interface with a route from IDBI Bank Limited to Chhatrapati Shivaji Terminus. The route is shown in blue and includes a transit option. The transit route is highlighted with a blue line and a red dot at the destination. The transit route is labeled "Transit" and shows a duration of 23 minutes. The route starts at IDBI Bank Limited and ends at Chhatrapati Shivaji Terminus. The map shows the Back Bay area and various landmarks like the Gateway of India and Apollo Bandar. The transit route is shown as a blue line with a red dot at the destination. The transit route is labeled "Transit" and shows a duration of 23 minutes. The route starts at IDBI Bank Limited and ends at Chhatrapati Shivaji Terminus. The map shows the Back Bay area and various landmarks like the Gateway of India and Apollo Bandar.

**Transit**

2:08 PM - 2:31 PM  
23 min

2:14 PM from Colaba  
8 min every 6 mins

Details

138

7LTD / 25LTD AS-1 AS-6 SPL-2

139

Schedule explorer

Satellite

Chhatrapati Shivaji Terminus

45 min 3.5 km

45 min 3.6 km

IDBI Bank Limited

Back Bay

Marine Lines, Fort, Churchgate, Mantralaya, Nariman Point, Mahatma, Phule Nagar, Gateway of India, Apollo Bandar, Ballway Colony, Dr. Babasaheb Ambedkar Nagar.

Map data ©2015 Google

2:08 PM 7/31/2015

## **DIRECTORS' REPORT**

The Directors take immense pleasure in presenting the Fifth Annual Report together with the Financial Statements of IDBI Asset Management Ltd (IAML) for the financial year 2014-15.

### **I. FINANCIAL SUMMARY AND HIGHLIGHTS**

During the year 2014-15, total income of IAML was Rs. 29.92 crores as compared to Rs. 20.99 crores during FY 2013-14.

The Company's financial performance for the Financial Year 2014-15 is summarized below

(Rs in crores)

<b>PARTICULARS</b>	<b>2014 - 15</b>	<b>2013 - 14</b>
Total Income	29.92	20.99
Profit/(Loss) before Tax	(21.77)	(18.82)
Less : Deferred Tax	(1.04)	1.70
Profit/(Loss) after Taxes	(20.73)	(20.52)
Balance brought forward from earlier period/Loss	(85.58)	(65.06)
Amount available for Appropriation	Nil	Nil
Balance/(Loss) to be carried forward	(106.31)	(85.58)
Networth	91.97	25.30

### **II. STATE OF COMPANY'S AFFAIRS**

IDBI AMC has completed five years of operations in March 2015. In the fifth year of operation, the quarterly average asset under management (AAUM) of the AMC has grown from Rs 5,928.67 crores (Jan - March 2014) to Rs. 7344 crores (Jan- March 2015). IAM currently manages 16 schemes including two passive equity, four active equity, six debt, one Gold ETF, one FOF (Gold), one gilt and one liquid scheme. IAM is presently providing services through a network of 12 branches spread across India.

AMC's revenue from operations has grown by 37% and 40% during FY 2014 and FY 2015 respectively against decline of AAUM by 15% during FY 2014 and increase of 32% in AAUM during FY 2015

Your Company has pursued a policy for aggressively increasing the AUM under the actively managed equity funds during the financial year. On account of the same, the scheme expenses for FY 2015 also include a large sum of Rs.6.91 crore incurred on account of upfront brokerage etc. paid to the distributors primarily for the long term actively managed equity schemes

Further, during the FY 2014- 15, IAML also incurred additional expense of Rs.95 lakh towards ROC fees for increase in its Authorised Share Capital from Rs. 150 crore to Rs. 250 crore.

Net management fee (gross management fee charged to the schemes less payment made to the distributors and other direct business expenses) for the FY 2015 was negative to the extent of

Rs.52 lakh as compared to a profit of Rs.438 lakh during previous financial year 2013-14 due to the increase in upfront payments incurred for mobilising actively managed equity funds.

During the year, the AMC also incurred an additional expense towards payment of MVAT of Rs. 30.07 lakh for FY 2012-13 pertaining to IDBI Gold ETF Scheme.

The AMC incurred net loss of Rs.20.73 crore during FY 2015 as compared to Rs.20.53 crore incurred during FY 2014.

### **Business Environment**

The Indian economy started FY2014-15 on a positive note with significant improvement in market and business sentiment, following the general elections in May 2014. Sharp decline in global commodity prices, particularly crude oil, declining inflation & interest rates resulted in a moderate decrease in the twin fiscal deficit and an improvement in economic output. Better macroeconomic indicators and stable government kept the domestic business sentiments buoyant all through the year.

In FY 2015, the Central Statistical Organization (CSO) introduced a new methodology for calculation of Gross Domestic Product (GDP) and also revised the base year from fiscal 2005 to fiscal 2012. Notable changes in the methodology included replacing GDP at factor cost with GDP at market prices as the official GDP estimate. India's GDP as per the new methodology accelerated to 7.3% in FY15 (from 6.9% in FY14). The improvement was broad based with growth in government consumption (6.6%), private consumption (6.3%) and gross capital formation (5.4%). The gross value added (GVA) was 7.2% in FY15 (vs. 6.6% in FY14) while services and industry grew 10.2% and 6.1%, respectively. The IIP data showed an expansion of 2.8% in FY15 compared to 0.1% contraction in FY14.

The CPI for FY15 at 6.4% was down from 9.5% in FY14, while WPI for the year was at 2.1% down from 6%. Inflation focused RBI kept the rates unchanged for the first nine months of the year and thereafter started cutting the rates only in Jan 2015 and March 2015 by 25 bps each. RBI also reduced the statutory liquidity ratio (SLR) by an aggregate 150 basis points, from 23.0% to 21.5%, during FY 2015.

India's current account deficit shrank to 1.3% of GDP in FY 2015 compared to a deficit of 1.7% of GDP in FY 2014. However, India's trade deficit widened to \$ 137.95 billion for the fiscal 2015 compared to \$135.80 bn in previous year due to disappointing exports and an increase in non oil imports.

The new government, in their first year, undertook a number of initiatives including increasing the foreign investment limit in defense, railways and insurance sectors, deregulating diesel

prices, reviewing gas pricing, fiscal Deficit and Current Account Deficit and Direct Benefit Transfer (DBT), improving access to long-term financing for infrastructure projects and auctioning of coal mines and spectrum. In the Union Budget for FY 2015 - 2016, announced on February 28, 2015, key measures included an increase in capital expenditure for the year, formulating a plug-and-play model for awarding long-term projects, proposing reduction in the corporate tax rate from 30.0% to 25.0% over the next four years along with rationalization of exemptions and setting a target for the Goods & Services Tax (GST) regime to be implemented from April 1, 2016. The government has set a fiscal deficit target of 3.9% in FY 2016, 3.5% in FY 2017 and 3.0% by FY 2018. Fiscal deficit for the year 2015 was contained at 4% of GDP.

Foreign Institutional Investor (FII) flows were significantly higher in FY 2015 with net inflows of around Rs 2.7 trillion compared to a net inflow of Rs 516 billion in fiscal 2014. There was a net inflow of Rs 1.1 trillion into equity markets and Rs 1.7 trillion into debt markets during the year. The rupee depreciated by 4.2% during the year, from Rs. 60.1 per US dollar to Rs. 62.6 per US dollar, partly owing to a strengthening of the US dollar against major currencies.

The global economy in FY 2014-15 witnessed divergent trends due to contrasting monetary policies in the major economies and stress in oil producing countries. While the United States withdrew quantitative easing in 2014, the Euro Zone and Japan expanded their monetary easing programmes. Fear of Greece exit from the eurozone kept the market sentiments weak in the second half of the year.

### **Mutual Fund Industry**

The mutual fund industry witnessed another year of growth with the overall Asset Under Management growing from Rs.825, 240 crore as of March 2014 to Rs. 10,82,757 crore as of March 31, 2015, registering a growth of around 30%. The industry witnessed a new milestone when the assets under management crossed Rs. 12, 00,000 Crores in February 2015 for the first time. The industry witnessed healthy net inflows into equity oriented and balanced schemes to the tune of more than Rs. 80,000 Crores and addition of more than 24 lakh folios riding on a buoyant equity market with broad market indices delivering around 25% returns for the 1 year period ended March 31 2015. The Union Budget for FY2015 amended the income tax provisions for debt oriented mutual funds by increasing the tenor of holding to atleast 36 months to qualify for long term capital gains tax from the extant 12 month period. Retail participation in mutual fund products saw a healthy rise during the FY with the retail AUM around 50% of total AUM of the industry at Rs. 541,000 Crores.

SEBI increased the minimum networth criteria for mutual funds from Rs. 10 Crores to Rs. 50 Crores and has given mutual funds that do not meet the revised networth, a period of 3 years to comply with the same. The intent of the Regulator behind increasing the minimum networth

criteria is to make individual fund houses financially robust, withstand systemic financial crisis better and to protect interest of investors. Further, SEBI has also introduced the requirement of Sponsor/AMC investing a maximum of 1% of AUM or Rs. 50 lakhs whichever is less as “seed capital” in all open-ended schemes of a mutual fund and retain the seed capital in the scheme in perpetuity. The objective of seed capital investment is to align the interest of the AMC with that of the Unitholders.

SEBI introduced various investor friendly measures during the year. Cash investments permitted per investor per mutual fund per financial year has been increased from Rs. 20000 to Rs. 50000. SEBI has decided to enable a single consolidated view of all the investments of an investor in Mutual Funds (MF) and securities held in demat form with the Depositories with consolidation being done on the basis of PAN. This initiative will eventually lead to the creation of one record for all financial assets of an individual. As another measure aimed at strengthening investor grievance redressal mechanism, SEBI has required mutual funds to prominently display the contact information pertaining to the Compliance Officer and the CEO at all offices of the mutual fund to enable investors approach them directly in case of any investor grievance/complaint.

### **III. Compliance with Net worth Requirements**

SEBI had, vide its circular dated May 06, 2014, revised the minimum net worth criteria for Mutual Funds from Rs. 10 Crores to Rs. 50 Crores by amending the relevant regulation-regulation 21 of SEBI (MF) Regulations, 1996. Accordingly in compliance with section 62 of the Companies Act 2013, the Company issued 8.5 crore equity shares of Rs. 10/- each, by way of rights issue at par with an option to renounce part or full rights to the existing members of the Company, for a consideration of Rs. 85 crores. The issue was subscribed by IDBI Bank Ltd (CIN No L65190MH2004GOI148838) to the tune of Rs. 58.34 crore and by IDBI Capital Market Services Limited (CIN No: U65990MH1993GOI075578) to the tune of Rs. 26.66 crore on pari passu basis. Currently, IDBI Bank Limited holds 67% shareholding and IDBI Capital Market Services Limited holds 33.33% out of total paid up capital of Rs. 200 crore (20 crore equity shares of Rs. 10/- each).

Your Company complies with the minimum net worth requirements of Rs. 50 Crore as prescribed by SEBI. The net worth of your Company for the year ended March 31, 2015 was Rs. 91.97 Crores.

### **IV. TRANSFER TO RESERVE AND DIVIDEND**

During the current year, there being losses, the Company has not transferred any amount to General Reserve and has decided not to declare any dividend for the year.

## V. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the Financial Year under review, the Company has incurred expense in foreign exchange to the tune of Rs. 75,91,730/- towards overseas travelling expenses.

## VI. MATERIAL CHANGES AND COMMITMENTS

This section details any material changes and commitments having occurred after the close of the year till the date of this Report, which may affect the financial position of the Company.

In this regard, post the close of Financial year 2014-15, the Statutory Auditor of IDBI MF schemes have pointed out that the AMC has incorrectly accounted dividend in the Scheme books for the period from 1<sup>st</sup> October 2014 to 18<sup>th</sup> June 2015 in case of IDBI Short Term Bond Fund and IDBI Ultra Short Term Bond Fund (schemes of IDBI Mutual Fund) resulting in payment of excess dividend to investors and short payment of Dividend Distribution Tax (DDT). IDBI AML will have to fund the shortfall to schemes resulting from payment of excess dividend, DDT Payable on the excess dividend and interest cost arising due to delay in payment of DDT. It is estimated that the overall impact to the AMC as a result of funding the above will be around Rs. 1.15 crore. Apart from the above, no material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

## VII. BOARD OF DIRECTORS

Your Company's Board of Directors is broad-based and its constitution is governed by the provisions of SEBI (MF) Regulations 1996 as amended from time to time, the Companies Act 2013 as amended or re-enacted and then in force and the Articles of Association of your Company. The Board functions directly as well as through various Board-level Committees constituted to provide focused governance in your Company's important functional areas.

The Ministry of Corporate Affairs, Government of India, has included various provisions under the Companies Act, 2013 relating to composition of the Board of Directors and Committees of Indian companies. Your Company complies with the composition requirements with respect to Board of Directors and Committees.

As on March 31, 2015, the Board comprised six Directors, including the Chairman of the Board , Managing Director & CEO (MD & CEO), One Associate Director and three Independent Directors (including one women director).

S No	Name of the Director	Particulars	Appointed	Resigned
1	Shri M S Raghavan (DIN: 05236790)	Chairman & Director	12/07/2013	NA
2	Shri S K V Srinivasan (DIN: 02564527)	Associate Director	23/08/2013	NA
3	Shri J N Godbole (DIN: 00056830)	Independent Director	09/11/2010	NA

S No	Name of the Director	Particulars	Appointed	Resigned
4	Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	Independent Director	15/11/2011	NA
5	Ms Geeta P Shetti (DIN: 02948958)	Independent Director	08/02/2015	NA
6	Shri S N Baheti (DIN: 00136476)	MD & CEO	09/05/2014	NA

During the year under review, the following changes took place in the Board of Directors and Key Managerial Persons of the Company. No Director, KMP or their relatives are related to any other Director/KMP on the Board.

S No	Name of the Director	Particulars	Appointed	Resigned
1	Shri S N Baheti (DIN: 00136476)	MD & CEO (KMP)	09/05/2014**	NA
2	Shri J N Godbole (DIN: 00056830)	Independent Director	27/06/2014*	NA
3	Dr. Y S P Thorat (DIN: 02652734)	Independent Director	27/06/2014*	31/12/2014
4	Shri D Mallick (DIN: 02352963)	MD&CEO	29/04/2011	02/05/2014
5	Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	Independent Director	27/06/2014*	NA
6	Ms Geeta P Shetti (DIN: 02948958)	Independent Director	08/02/2015	NA
7	Shri Manesh Jiandani (FCS 7360)	Company Secretary (KMP)	30/04/2013**	NA
8	Shri Anil Dhawan (ACA 096911)	Chief Financial Officer (KMP)	29/09/2014***	NA

\* appointed afresh for a period of five years at the 4<sup>th</sup> AGM held on 27/06/2014 in compliance with section 149 of the Companies Act 2013.

\*\*Designated as KMP w.e.f. 27/06/2014.

\*\*\*Designated as KMP w.e.f. 29/09/2014.

**Changes in the Board during the year, by change of nominees, appointment of additional directors, death, resignation or any other reason-**

The Board of Directors had appointed Ms Geeta P Shetti (DIN: 02948958) as Additional Directors w.e.f. 12<sup>th</sup> February 2015. The Director being eligible offers herself for appointment as

Independent Director. The Directors holds office up to the date of the forthcoming Annual General Meeting of the Company and are eligible for appointment as Independent Director.

The Board of Directors of your Company are of the opinion that her continued association with the Board will be beneficial to the Company and in terms of impending notification of Section 149 and other and applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Ms Geeta P Shetti (DIN: 02948958) for a term of 5 years upto 11<sup>th</sup> February 2020. Details of the proposal for appointment and brief resume of Ms Geeta P Shetti (DIN: 02948958) are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 5<sup>th</sup> Annual General Meeting.

### **Changes in Board, by change of nominees, after the end of Financial Year 2014-15**

The Board of Directors had by way of circular resolution appointed Mr. Narasinganallore Srinivasan Venkatesh (DIN: 01893686) as Additional Nominee Director, w.e.f. 14/05/2015 in place of Mr. S K V Srinivasan , nominated by IDBI Bank vide their Letter no 22/SAIC/Nominee Dated April 23, 2015. The Director holds office up to the date of the forthcoming Annual General Meeting of the Company and is eligible for being confirmed as a Director in terms of Section 161 of the Companies Act 2013.

The Board of Directors had appointed Mr Annavarapu Venkat Rammurthy (DIN: 00050455) as Additional Directors w.e.f. 20<sup>th</sup> April 2015. The Director being eligible offers himself for appointment as Independent Director. The Directors holds office up to the date of the forthcoming Annual General Meeting of the Company and are eligible for appointment as Independent Director.

The Board of Directors of your Company are of the opinion that hiscontinued association with the Board will be beneficial to the Company and in terms of impending notification of Section 149 and other and applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr Annavarapu Venkat Rammurthy (DIN: 00050455) for a term of 5 years upto 19<sup>th</sup> April 2020. Details of the proposal for appointment and brief resume of Mr Annavarapu Venkat Rammurthy (DIN: 00050455) are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 5<sup>th</sup> Annual General Meeting.

### **Name of retiring directors and whether or not they offer themselves for re-appointment-**

The Board of the Company comprises of 7 Directors (as on 31<sup>st</sup> March 2015, 6 Directors, one additional director Shri Annavarapu Venkat Rammurthy(DIN: 00050455) was appointed on 20/04/2015) of which 4 directors are independent directors as on the date of the AGM. According to the provisions of the Companies Act, 2013; out of remaining 3 (i.e Chairman, MD & CEO and the Associate Director), 1 director is liable to retire by rotation. As per the Articles of Association of your company, the Chairman and the MD&CEO are not liable to retire by rotation. Further, Shri N S Venkatesh (DIN: 01893686) holds office till the conclusion of this AGM and is eligible to be appointed as Nominee Director. Hence your Company has no Director



(DIN: 05236790)									
Mr S K V Srinivasan, Associate Director (DIN: 02564527)	✓	✓	✓	✓	✓	Leave of Absence	✓	✓	✓
Lt. Gen. Mukesh Sabharwal, Independent Director (Retd.) (DIN: 05155598)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr J N Godbole, Independent Director (DIN: 00056830)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Debasish Mallick, (DIN: 02352963) (resgd as MD & CEO w.e.f May 2, 2014)	✓	NA	NA	NA	NA	NA	NA	NA	NA
Dr Y S P Thorat, (DIN: 02652734) (resigned as Independent Director w. e.f December 31, 2014)*	Leave of Absence	Leave of Absence	✓	✓	Leave of Absence	Leave of Absence	NA	NA	NA

Mr S N Baheti, MD & CEO (DIN: 00136476)	NA	✓	✓	✓	✓	✓	✓	✓	✓
Ms Geeta P Shetti, Additional Independent Director (DIN: 02948958) (appointed w.e.f February 12, 2015)	NA	✓							

\* Due to unavoidable circumstances, Dr Y S P Thorat, (DIN: 02652734) Director was not able to attend four Board Meetings. However, he has been actively participating in the Board processes in disposal of various Board matters. He has also been actively involved in approval process of various Board resolutions through circulation. Given his professional stature and outstanding background, he has also provided important perspectives on all matters relating to business affairs to Board from time to time.

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

The Audit Committee acts as a link between the Auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's Statutory and Internal audit activities and performs its functions as prescribed under Section 177 of the Companies Act 2013. An Independent Director chairs the Audit Committee and the Committee comprises of Independent Directors only.

The Composition of the Audit Committee as on 31<sup>st</sup> March 2015 was

<b>S No</b>	<b>Name of the Director</b>	<b>Particulars</b>	<b>Appointed</b>
1	Ms Geeta P Shetti (DIN: 02948958)	Independent Director (Chairperson)	12/02/2015
2	Shri J N Godbole (DIN: 00056830)	Independent Director	27/06/2014*
3	Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	Independent Director	27/06/2014*

\*Appointed afresh for a period of five years at the 4<sup>th</sup> AGM held on 27/06/2014 in compliance with section 149 of the Companies Act 2013.

During the year under review, the following changes took place in the Audit Committee:

S No	Name of the Director	Particulars	Appointed*	Resigned
1	Shri J N Godbole (DIN: 00056830)	Independent Director	27/06/2014*	NA
2	Dr. Y S P Thorat (DIN: 02652734)	Independent Director (Chairman upto 31 <sup>st</sup> December 2014)	27/06/2014*	31/12/2014
3	Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	Independent Director	27/06/2014*	NA
4	Ms Geeta P Shetti (DIN: 02948958)	Independent Director (Chairperson w.e.f. 12 <sup>th</sup> February 2015)	12/02/2015	NA

\* Appointed afresh for a period of five years at the 4<sup>th</sup> AGM held on 27/06/2014 in compliance with section 149 of the Companies Act 2013.

The Committee met seven times during the financial year ending 31<sup>st</sup> March 2015 under review-

Dates on which Audit Committee Meetings were held	Total strength of the Committee	Director's present
April 09, 2014	3	2
June 27, 2014	3	3
August 25, 2014	3	3
September 18, 2014	3	3
October 28, 2014	3	2
December 31, 2014	3	2
February 12, 2015	3	3

#### **ATTENDANCE OF DIRECTORS AT AUDIT COMMITTEE MEETINGS**

Name of the	Attendance at the Audit Committee Meeting held on

Director	April 09,2014	June 27,2014	August 25,2014	September 18, 2014	October 28,2014	December 31, 2014	February 12, 2015
Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	✓	✓	✓	✓	✓	✓	✓
Mr J N Godbole (DIN: 00056830)	✓	✓	✓	✓	✓	✓	✓
Dr Y S P Thorat (DIN: 02652734) (resgd as Director w. e.f December 31, 2014)	Leave of Absence	✓	✓	✓	Leave of Absence	Leave of Absence	NA
Ms Geeta P Shetti (DIN: 02948958) (appointed w.e.f February 12, 2015)	NA	NA	NA	NA	NA	NA	✓

### **Vigil Mechanism**

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy, was adopted by the Board of IDBI AMC in its meeting held on June 27, 2014. A Vigilance Officer at the senior level has been appointed who shall oversee the Vigil Mechanism of the Company and report any Protected Disclosure, made to him, to the Audit Committee. Protected disclosures can be made by a whistle blower through an e-mail or a letter to the Vigilance Officer or to the Chairman of the Audit Committee. The Policy on vigil mechanism and Whistle Blower Policy may be accessed on the Company's website at the link:

<http://www.idbimutual.co.in/pdf/WHISTLE%20BLOWER%20POLICY%20AMC2015June5114511.pdf>

## **X. OTHER COMMITTEES**

### **a. Nomination and Remuneration Committee:**

In terms of the provisions of Companies Act, 2013, it is mandatory for the Company to constitute a Nomination & Remuneration Committee (N&RC) to cater to the requirements of the nomination of Directors, KMP, etc. and remuneration related matters of the Directors, KMPs and Employees, etc. Therefore, the Board at its meeting held on April 9, 2014 has constituted the Nomination & Remuneration Committee (N& RC)

As on March 31, 2015, the Committee comprised four members as under-

S No	Name of the Director	Particulars	Appointed
------	----------------------	-------------	-----------

1	Shri J N Godbole (DIN: 00056830)	Director	27/06/2014
2	Shri S K V Srinivasan (DIN: 02564527)	Associate Director	27/06/2014
3	Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	Director	27/06/2014
4	Ms Geeta P Shetti (DIN: 02948958)	Director	08/02/2015

The Committee met seven times during the Financial Year ending 31<sup>st</sup> March 2015 under review-

Dates on which Nomination and Remuneration Committee Meetings were held	Total strength of the Committee	Director's present
May 12, 2014	4	3
June 27, 2014	4	4
August 25, 2014	4	4
September 29, 2014	4	3
October 28, 2014	4	2
February 12, 2015	4	3
March 30, 2015	4	4

**ATTENDANCE OF DIRECTORS AT NOMINATION AND REMUNERATION COMMITTEE MEETINGS**

Name of the Director	Attendance at the Nomination and Remuneration Committee Meetings held on						
	May 12, 2014	June 27, 2014	August 25, 2014	September 29, 2014	October 28, 2014	February 12, 2015	March 30, 2015
Mr J N Godbole (DIN: 00056830)	✓	✓	✓	✓	✓	✓	✓
Lt. Gen. Mukesh Sabharwal (retd.) (DIN: 05155598)	✓	✓	✓	✓	✓	✓	✓
Dr Y S P Thorat (DIN: 02652734)	Leave of	✓	✓	Leave of	Leave of Absence	Leave of Absence	NA

(resgd as Director w. e.f December 31, 2014)	Absence			Absence			
Ms Geeta P Shetti (DIN: 02948958) (appointed w.e.f February 12, 2015)	NA	NA	NA	NA	NA	NA	✓
Mr S K V Srinivasan, Associate Director (DIN: 02564527)	✓	✓	✓	✓	Leave of Absence	✓	✓

**b. Committee of Independent Directors**

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors at its Meeting held on June 27, 2014 had formally constituted the Committee of Independent Directors.

**Terms of Reference:** The terms of reference of the Committee includes review of the performance of non-independent Directors and the Board as a whole; to review the performance of the Chairperson of the Company taking into account the views of executive directors and non-executive directors; to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties; to perform such other roles as may be prescribed by the Companies Act, 2013.

**Composition:** The Committee comprises of all the Independent Directors of the Company as on the date of the meeting of the said Committee.

**XI. DIRECTOR'S RESPONSIBILITY STATEMENT**

The Directors hereby confirm:

- ❖ In the preparation of the annual accounts, 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.
- ❖ 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.

## **XII. EXTRACT OF THE ANNUAL RETURN**

The extract of the annual return as required to be furnished in the format prescribed pursuant to the applicable provisions of the Companies Act, 2013 has been annexed to the report vide **Annexure -‘A’**.

## **XIII. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

The declarations given by Independent Directors has been annexed to the report vide **Annexure – ‘B’**.

## **XIV. DIRECTOR’S APPOINTMENT AND REMUNERATION POLICY**

The Company has separate policies for Appointment and Remuneration of Directors being, i) Director’s Appointment and Evaluation Policy and ii) Nomination and Remuneration Policy. The policies have been annexed to the report vide **Annexure –‘C’**. The said policies were approved by the Board in its meeting held on August 25, 2014.

## **XV. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

Your Company is the 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 and is duly implemented. The manual was last reviewed by the Board of IDBI AMC in its meeting held on December 31, 2014.

## **XVI. CORPORATE SOCIAL RESPONSIBILITY POLICY**

The Provisions of CSR are not applicable to your Company.

## **XVII. OTHER POLICIES OF THE COMPANY**

Your Company being an Investment Manager to IDBI Mutual Fund, for its business and operations purposes, are guided by the SEBI (MF) 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, an Investment Policy, Employee Trading Policy, IT Policy, Policy for Dealing with losses on account of Trading Errors, Valuation Policy, IDBI AMC Employee's (Conduct) Rules, 2015, Credit Evaluation Policy, Voting Policy, BCP and DR Manual, HR policies etc.

#### **XVIII. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT.**

During the Financial Year under review your Company did not seek/ provide loans and guarantees.

Investments in MF Utility Private Limited were made during the financial year under review to the tune of Rs. 5 Lacs. MF Utilities India Pvt Ltd (MFUI) is the Mutual Fund Industry's "Shared Services" initiative formed by the Asset Management Companies (AMCs) of SEBI registered Mutual Funds under the aegis of AMFI, with an objective of investor empowerment, distributor convenience, consolidation of information to various agencies, operational efficiency for RTAs and benefits to AMCs, thereby benefitting all stakeholders in the industry. The prime objective of MFUI is to consolidate all "Transaction Requests" received by the industry from multiple sources and transmit it to the "Fulfiller" of the request (Transfer Agent), thereby bringing in operational efficiency by reducing multiplicity and duplication of activities. Towards achieving this objective, MFUI has developed the Portal, MF Utility (MFU), which operates as a "Transaction Aggregating System" for transactions in Mutual Funds. Other Investments made are disclosed in the notes to the financial statements

#### **XIX. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

The Contracts or arrangement with related parties is annexed to the report as Annexure – 'D'.

Your Directors draw attention of the members to Note 21 Point no. 3.3 to the financial statement which sets out related party disclosures.

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

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

**XXI. AUDITORS**

The Company is a Government Company within the meaning of Government Company defined under the Companies Act 2013. As per section 139(5) of the Companies Act 2013, the Auditors of a Government company shall be appointed or re-appointed by the Comptroller and Auditor-General of India. Comptroller and Auditor-General of India has vide its letter no CA/V/COY/CENTRAL GOVERNMENT, IDBIAS (1)/137 dated 30<sup>th</sup> July, 2014 appointed M/s C R Sagdeo & Co. (ICAI Firm Registration Number FRN 108959W) Chartered Accountants, Navi Mumbai as the Statutory Auditors of the Company. The Statutory Auditor of the Company holds office until the conclusion of the ensuing Annual General Meeting subject to extension by C&AG. The Company has made an application to C&AG for appointment of Statutory Auditor of IDBI AMC for the FY 2015-16 as per the requirements laid down under Section 139 and 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014.

Under Section 139 of the Companies Act, 2013, the remuneration of Auditors appointed by the Comptroller and Auditor General of India, shall be fixed by the Company in the General Meeting. Accordingly, Notice of the Annual General Meeting will include an item pertaining to fixing of remuneration of the Statutory Auditor for the year 2015-16.

**XXII. AUDITOR'S REPORT**

The observations of the Statutory Auditors in their report, read with the relevant notes to the financial statement in Note no.21 are self explanatory.

**XXIII. SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s G S R and Co, Practicing Company Secretary (FCS 5691; C P No. 4966), Mumbai, has been appointed to conduct Secretarial Audit of the Company's Secretarial and related records for the year ended 31 March, 2015. The Practicing Company Secretary has submitted his Report on the Secretarial Audit conducted by him which is annexed to this Board's Report as "**Annexure F**".

**XXIV. MODEL CODE OF CONDUCT**

The Directors confirm that all Board members and Senior Management have affirmed compliance with the Company's code of conduct for the financial year 2014-15.

**XXV. 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 provided as "**Annexure E**".

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided “**Annexure E**”.

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

**1) STATUTORY AUDITORS:**

M/s C R Sagdeo & Co, Chartered Accountants, Statutory Auditors of IDBI AMC have not made any qualification, reservation or adverse remark in their report. However the Auditors have emphasized two matters to the Board. The matters are given below along with the replies of the Management.

- 1) “Note no. 2 in the financial statements indicates that the Company has accumulated losses and its net worth has been substantially eroded. The Company has also incurred a net cash loss during the current and previous years. Though this condition indicates the existence of stress in the business operations and fund flows of the Company, the issues have been addressed by the management in the form of a blueprint for achieving financial turnaround in the next two years. Therefore the financial statements of the Company have been prepared on a going concern basis. Our opinion is not qualified or modified in respect of this matter.”

**Management Reply:** The AMC has drawn out a strategic plan to cover up the losses and make the company profitable. The AMC expects the business to turn profitable by the FY 2016-17.

- 2) “The Company has a substantive internal financial control system in place, however the effectiveness of the same particularly with regard to the checking of the scheme related expenditure needs to be further strengthened.”

**Management Reply:** As regards strengthening the maker checker system for scheme related expenses, the AMC has included the same as part of the scope of the Internal Audit for FY 2015 -16 and will also develop an MIS for review of brokerage payment.

**2) C & AG COMMENTS:**

C&AG has issued a certificate dated 25<sup>th</sup> June 2015 stating that they have decided not to conduct the supplementary audit of the Financial Statements of IDBI Asset Management Limited for the year ended 31<sup>st</sup> March 2015 and as such have no comments to make under 143(6)(b) of the Act.

**3) SECRETARIAL AUDITOR:**

As a measure of good corporate governance practice, the Board of Directors of the Company appointed M/s G S R & CO Practising Company Secretaries , to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2015, is provided in the Annual Report.

The Secretarial Auditor has stated that being an Investment Manager to IDBI Mutual Fund, IDBI AMC has received letters from SEBI regarding instances of non-compliance of certain regulations regarding management of the mutual fund schemes and advising the Company to take steps to strengthen the compliance systems while managing the mutual fund schemes.

**Management Reply:** The Company, being Investment Manager to IDBI Mutual Fund, is required to ensure compliances with the provisions of SEBI (MF) Regulations 1996. There were a few instances wherein the SEBI has advised the Company to strengthen the compliance systems. The Company has placed the details of the steps taken before the Board of Directors of the Company along with the letters received by it.

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

The Nomination and Remuneration Committee and the Board of Directors at its respective meeting held on August 25, 2014, had laid down criteria for performance evaluation of Directors, Chairperson, MD & CEO, Board Level Committees and Board as a whole.

The performances of the members of the Board, the Board level Committees and the Board as a whole were evaluated at the meeting of the Committee of Independent Directors held on March 30, 2015 and the Board of the Directors held on April 20, 2015.

The process for performance evaluation is as under:

- Committee of Independent Directors evaluates the performance of Non-Independent Directors including Chairperson of the Company taking into account the views of Executive Director and Non-Executive Director, if any and also of the Board as a whole.
- The Committee of Independent Directors shall report to the Board of such evaluation. The Board may evaluate the performance of the Non-Independent Directors, excluding the director being evaluated, either independently or considering the evaluation of the Committee of Independent Directors.
- The Board shall evaluate the performance of the Independent Directors excluding the director being evaluated and of the Board as a whole as well as the committees of the Board.
- The evaluation will be carried out by means of assigning rating, within the effectiveness rating band scale of 1 to 5, to each of the key attributes/parameters of the Directors, quality of interactions among them and its effectiveness etc. The ratings allotted shall be calculated as average of the total parameters.

The Board conducted the Performance Evaluation of every individual Director of the Board without the presence of the Director being evaluated. The concerned Directors did not participate during their respective evaluation process.

The Board also conducted the Evaluation of the Performance of the Board as a whole and its committees namely Audit Committee and Committee of Independent Directors.

**XXVIII. SUBSIDIARIES**

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

**XXIX. FIXED DEPOSITS**

The Company has not accepted any fixed deposits and accordingly no amount was outstanding as on the date of the Balance Sheet.

**XXX. 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.

**XXXI. 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**

There are no frauds reported by Auditors under sub-section (12) of Section 143.

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

The Company has in place an Anti Sexual Harassment policy( as part of the IDBI AMC Employee's (Conduct) Rules, 2015) in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013,Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of Sexual Harassment complaints received and disposed off during the year 2014-15.

No. of Complaints received:      **Nil**

No of Complaints disposed off:      **Nil**

**XXXIII. INTERNAL CONTROL SYSTEMS**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is

defined in the Internal Audit scope. To maintain its objectivity and independence, the Internal Auditors reports to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company has also taken into consideration the observations made by the Statutory Auditors of the Company with respect to strengthening of the internal Control system particularly with regard to the checking of the scheme related expenditure and has included the said area as part of the scope of the internal Audit for FY 2015 -16 and will also develop an MIS for review of brokerage payment.

#### **XXXIV. ACKNOWLEDGEMENTS**

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

**Annexure – ‘A’**

**FORM NO. MGT.9**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31<sup>st</sup> March, 2015**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

- |  |  |
|--|--|
| i) CIN:-   | U65100MH2010PLC199319  |
| ii) Registration Date:   | 25 <sup>th</sup> January, 2010   |
| iii) Name of the Company:  | IDBI ASSET MANAGEMENT LIMITED  |
| iv) Category / Sub-Category of the Company:                                    | PUBLIC COMPANY   |
| v) Address of the registered office and contact details:                       | IDBI Tower, WTC Complex, Cuffe Parade,<br>Mumbai 400 005<br>Tel: (022) 66442800<br>Fax: 66442801<br>Website: <a href="http://www.idbimutual.co.in">www.idbimutual.co.in</a><br>Email: manesh.jiandani@idbimutual.co.in |
| vi) Whether listed company Yes / No:   | NO   |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | NO   |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Mutual Fund Asset Management Services	9983	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S. N O	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	IDBI BANK LTD	L65190MH2004GOI148838	Holding	66.67	2(46)
2	IDBI Capital Market services Ltd	U65990MH1993GOI075578	Associate	33.33	2(6)



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
<b>Sub-total (B)(1):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify)									
<b>Sub-total (B)(2):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total		11,50,00,00	11,50,00,00	100		20,00,00,000	20,00,0	100	6.569

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A+B+C)		0	0				0,000		%

(ii) Shareholding of Promoters

SIN o.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	IDBI Bank Ltd L65190MH2004GOI148838	7,50,00,000	65.21	0	13,33,40,000	66.67	0	2.189%
2	IDBI Capital Market Services Ltd U65990MH1993GOI075578	4,00,00,000	34.79	0	6,66,60,000	33.33	0	4.380%
3								
	Total	11,50,00,000	100.00	0	20,00,00,000	100.00	0	6.569%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year IDBI Bank Limited (L65190MH2004GOI148838)	7,50,00,000	65.21	11,50,00,000	100%
	IDBI Capital Market Services Limited (U65990MH1993GOI075578)	4,00,00,000	34.79		
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for	03/12/2014 5,83,40,000		8,50,00,000	100%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	2,66,60,000 Rights issue			
	At the End of the year IDBI Bank Limited (L65190MH2004GOI148838)	13,33,40,000	66.67	20,00,00,000	100%
	IDBI Capital Market Services Limited (U65990MH1993GOI075578)	6,66,60,000	33.33		

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

## (v) Shareholding of Directors and Key Managerial Personnel:

Shri S K V Srinivasan as a nominee of IDBI Bank Limited

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Shri S K V Srinivasan, Associate Director (DIN: 02564527)					
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	1	0.00	1	0.00

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Debashish Mallick (April -2014)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	2,11,937.63  59,674.50	2,11,937.63  59,674.50
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	2,71,612.13	2,71,612.13
	Ceiling as per the Act	Since the Company has no profits the Limit prescribed is as per Schedule V, which comes to not more than Rs. 42 Lakhs	

### Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Shri S N Baheti (00136476) (May-14 to March-15)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	31,57,437.24  14,16,455.00	31,57,437.24  14,16,455.00

2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	45,73,892.24	45,73,892.24
	Ceiling as per the Act	Since the Company has no profits the limit prescribed is as per Schedule V, which comes to not more than Rs. 84 Lakhs since the appointment of MD & CEO was passed as a Special Resolution	

\* Shri S N Baheti, (00136476) MD &CEO is on deputation from IDBI Bank Limited. The Remuneration is paid to Shri S N Baheti, (00136476) MD &CEO by IDBI Bank Limited which is reimbursed by IDBI AMC to the IDBI Bank.

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		J N Godbole	Lt Gen Mukesh Sabharwal	Y S P Thorat (resgd 31.12.2014)	Geeta P Shetti (apptd 12.2.2015)	
	3. Independent Directors					
	• Fee for attending board committee meetings	2,20,000	2,15,000	70,000	35,000	5,40,000
	• Commission	NIL	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	2,20,000	2,15,000	70,000	35,000	5,40,000
	4. Other Non-Executive Directors	-	-	-	-	-
	• Fee for attending board committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1 + 2)	2,20,000	2,15,000	70,000	35,000	5,40,000
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	Not more than Rs. 1 Lakh per meeting of Board or Committee thereof				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	1,183,922.38	1,096,807.00	22,80,729.38
			10,800.00	175,643.00	1,86,443
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	-	1,194,722.38	1,272,450.00	24,67,172.38

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

Annexure 'B'

**Declaration of Independence  
[Pursuant to Section 149(6) of the Companies Act, 2013]**

Registration No. of Company	: U65100MH2010PLC199319
Nominal Capital Rs.	: Rs 2,50,00,00,000/-
Paid-up Capital Rs.	: Rs 2,00,00,00,000/-
Name of Company	: IDBI Asset Management Limited
Address of its Registered Office	: IDBI Tower, WTC Complex, Cuffe Parade, Mumbai 400 005

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

All the Independent Directors, declare that pursuant to the provisions of Section 149(6) of the Companies Act, 2013, they meet the criteria of Independence and in the opinion of the Board, are persons of integrity, possess the relevant expertise, experience and that:

- 1) They are not or were not a promoter of the Company or its holding, subsidiary or associate company;
- 2) They are not related to promoters or directors in the company, its holding, subsidiary or associate company;
- 3) They have or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- 4) Neither of their relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- 5) The Directors, neither themselves nor on behalf of any of their relatives:
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed;

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed, of—
  - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
  - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (iii) holds together with their relatives two per cent or more of the total voting power of the company; or
- (iii) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (iv) who possesses such other qualifications as may be prescribed.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai  
Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

## Annexure 'C'

### DIRECTORS APPOINTMENT AND EVALUATION POLICY

#### IDBI Asset Management Limited

### **DIRECTORS' APPOINTMENT AND EVALUATION POLICY**

IDBI Asset Management Limited (IDBI AMC), Investment Manager to IDBI Mutual Fund ("the Mutual Fund") is a subsidiary of IDBI Bank Limited.

The provisions of Companies Act 2013 have been made effective from 01st April 2014. In terms of Section 178 (e), Section 134(3)(p) and Schedule IV of the Companies Act 2013, the Company is required to formulate a Director's appointment and Evaluation policy.

The policy broadly covers the relevant extracts of Articles of Association with respect to the Constitution of Board, appointment of Directors. It also covers the manner of performance evaluation of the Directors and Board as whole and relevant formats for evaluation.

#### **Constitution of the Board**

As per Article 170(a) of the Articles of Association of the Company, the Board of Directors of IDBI Asset Management Limited shall have not less than 3 Directors and not more than 12 Directors. The Constitution of the Board as provided under Article 170(b) read with Article 171(b) shall be as follows :

170 (b) Not less than fifty percent of the total number of members of the Board of Directors shall be independent Directors having special knowledge or practical experience in the fields such as portfolio management, investment analysis, financial administration etc. not liable to retire by rotation, for an initial term of upto 5 consecutive years but shall be eligible for re-appointment on passing of a Special Resolution for not more than one more term of upto 5 years subject to the maximum term of 10 years and disclosure of such appointment in the Board's report. The Company shall comply with all other relevant provisions pertaining to Independent Directors contained in the Companies Act, 2013 read with the relevant provisions of the SEBI (MF) Regulations 1996 as amended/ reenacted from time to time, as applicable and such other laws as may be applicable to the Company from time to time.

(ii) Notwithstanding anything to the contrary contained in these Articles of Association, one Woman Director shall be appointed on the Board in terms of Section 149(1)(b) of the Companies Act, 2013.\*

\* Women Director has to be appointed by the Company on or before 31<sup>st</sup> March 2015.

(iii) Notwithstanding anything to the contrary contained in these Articles of Association, IDBI AMC shall ensure that atleast one Director on the Board has stayed in India for a total period of not less than one hundred and eighty two days in the previous calendar year, in terms of Section 149(3) of the Companies Act, 2013.”

171(b) IDBI Bank Ltd shall be entitled to appoint/nominate or cause to be elected two Directors out of the total number of Directors on the Board. The Directors so appointed/nominated by IDBI Bank Ltd shall be liable to be removed by IDBI Bank Ltd at its discretion and IDBI Bank Ltd shall also be entitled to nominate/appoint, substitute in his or their place, and upon such removal, the person so nominated/appointed shall cease to be the Director of the Company with effect from the date on which IDBI Bank Ltd shall advise the Company about the withdrawal of the nomination/appointment. The Directors shall conform to such criterion as may be prescribed by Mutual Fund Regulations or as may be laid down by SEBI.

c All the remaining Directors shall be appointed by the Company in the General Meeting.

172 Notwithstanding anything contained herein, the composition of the Board of Directors shall be such as specified from time to time by SEBI.

173 The Chairman of the Board shall be the Chairman of the IDBI Bank Ltd.

174 Except for the first Directors of the Company, at least fifty percent of the Directors of the Company or such other number or percentage as may be prescribed by SEBI from time to time, shall be Independent Directors in accordance with the SEBI Regulations.

175 (a) Subject to the provisions of the Act, the Directors may from time to time appoint or re-appoint one or more of them to be the Managing Director(s) or the Whole Time Director(s) of the Company for such terms not exceeding five years and subject to such remuneration, terms and conditions as they may think fit. The Directors except the Chairman, MD &CEO and Independent Directors, shall be liable to retire by rotation

(b) Subject to the provisions of the Act, the Directors may from time to time entrust to and confer upon the Managing Director or the Whole Time Director, for the time being, such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as they may think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Subject to the provisions of the Act, the Managing Director/the Whole Time Director shall not, while he continues to hold the office be subject to retirement by rotation. If he ceases to hold office of a Director for any cause whatsoever, he shall, ipso facto and immediately ceases to be the Managing/Whole Time Director.

## **Mode of Appointment of Directors**

- (1) As per the Board constitution provided under Article 171(b), the appointment / nomination of Directors prescribed therein, shall be made by IDBI Bank Limited. Suitable orders will be issued by IDBI Bank to appoint (i) Chairman; (ii) nomination of Associate Director; In terms of the provisions of the Companies Act, 2013, all appointments/nominations made by IDBI Bank shall be submitted to and noted & approved by the shareholders at the General Meeting.
- (2)(a) In terms of Article 170(b) read with Article 174, 50% of the Directors shall be identified as non rotational Independent Directors by the Board of Directors and shall be appointed by the shareholders at the General Meeting. While identifying the persons to be appointed as Independent Directors, the Board will ensure that such persons possess the qualifications prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (MF) Regulations 1996 including any statutory modification or amendment thereto and are also not disqualified to be a Director under the relevant provisions of, Section 164 of the Companies Act, 2013 and SEBI (MF) Regulations 1996, etc.
  - (b) After Board's identification as above, unless the Independent Director is appointed initially as an Additional Director, the candidature of such person shall be submitted to the next General Meeting for approval of the appointment by following the procedure contained under Section 160 of the Companies Act, 2013. All shareholders will be eligible to elect the Independent Directors. The initial term of Independent Directors will be 5 consecutive years extendable to one more term of 5 consecutive years by passing a Special Resolution at the General Meeting. In any case, the total term shall not exceed 10 years in terms of Companies Act 2013.
  - (c) After approval of Independent Directors' appointment, a formal appointment letter with contents prescribed under Schedule IV of the Companies Act, 2013 will be issued to the Independent Directors so appointed.
  - (d) In terms of Article 170(b)(iii), the Bank will ensure that atleast one of the Directors on the Board has stayed in India for total period of not less than 182 days during the previous calendar year.
  - (f) The intermittent vacancy of an Independent Director shall be filled up by the Board at the earliest but not later than immediate next Board Meeting or 3 months from the date of such vacancy, whichever is later.

## **Performance Evaluation of Individual Directors by the Board**

- (i) In terms of the provisions of Schedule IV (Para VIII) and Section 134(1)(p) of the Companies Act, 2013, performance evaluation of the Directors individually shall be done annually by the Board of Directors in the first meeting after the end of the Financial Year or at any meeting in the Financial Year at the discretion of the Chairman.
- (ii) The performance evaluation of individual Directors by the Board shall be done on the evaluation sheet as per the format given at Annexure I to this Policy.

- (iii) On the basis of the report of performance evaluation, the Board/Chairman will determine whether to extend or dis-continue the term of appointment of Independent Directors.

**Performance Review of Non Independent Directors, Executive Directors, the Chairperson by Independent Directors and the Board as a whole.**

- (i) In terms of the provisions of Schedule IV (Para VII) of the Companies Act, 2013, Independent Directors shall hold an Annual Meeting once in every Financial year without the attendance of Non Independent Directors and members of the Management and review the performance of Non Independent Directors.
- (ii) The Independent Directors shall also review the performance of Chairperson of the Company taking into account the views of Executive Director and Non Executive Directors. The Performance of the Executive Director shall be reviewed after taking into account the views of the other Directors.
- (iii) The performance review of Non Independent Directors including Executive Director by Independent Directors shall be done on the review sheet as per the format given at Annexure II and that of Chairperson of the Company will be done on the format given at Annexure III. The Performance Review of the Board as a whole shall be as per format given at Annexure IV.

**Rating process and criteria**

- (i) The forms shall be handed over to the Chairman at the meeting wherein the performance of the Director or Board is proposed to be evaluated.
- (ii) The Director whose performance is being evaluated shall excuse himself from the room at that time.
- (iii) The effectiveness rating band shall be of scale 1 to 5 with 1 being the least effective and 5 the most effective. (Decimals allowed upto 1 digit i.e. 4.5 or 3.2).
- (iv) The effectiveness rating shall be provided on each parameter with respect to the Director based on the above scale.
- (v) The ratings allotted shall be calculated as average of the total parameters.
- (vi) The average marking scheme with respect to the performance of Directors shall be as under

Rating band	Performance criteria
Upto 1	Very Poor
Above 1 and upto 2	Poor
Above 2 and upto 3	Satisfactory
Above 3 and upto 4	Good
Above 4 and upto 5	Excellent

The minimum average score for being considered for continuation as director shall be 3

- (vii) The average marking scheme with respect to the attendance of Directors shall be as under

Criteria	Marks
If the Director has attended the maximum number of Board meetings as required under Companies Act 2013	5
If the Director has not has attended the minimum number of Board meetings as required under Companies Act 2013	0

**Review:**

The Policy shall reviewed by the Board at least on a yearly basis or at such intervals as may be required at the discretion of the Chairman of the Board.

**Record keeping:** The AMC shall maintain records of evaluation sheets perpetually and shall minute the results of the evaluation

## **NOMINATION & REMUNERATION POLICY**

### **I. Background**

In terms of Section 178(3) of the Companies Act 2013, the Nomination & Remuneration Committee will formulate and recommend to the Board a policy relating to the Remuneration for Directors, Key Managerial Personnel and other employees of IDBI AMC.

In terms of Section 178 (4) of the Companies Act, 2013, while formulating the policy under Sub Section (3), the Nomination & Remuneration Committee shall ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals:

**Provided** that such policy shall be disclosed in the Board's Report.

### **II Objective and purpose of the Policy:**

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To recommend to the Board their appointment and removal.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Mutual Fund industry.
- To carry out evaluation of the performance of Directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on August 25, 2014.

### **III Effective Date:**

This policy shall be effective from 2014-15.

### **IV Constitution of the Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee of the Company was constituted in the Board meeting held on April 9 2014.

The Nomination and Remuneration Committee comprises of following Directors:

1. Shri J N Godbole	Chairman	Non executive Independent Director
2. Shri S K V Srinivasan	Member	Non executive Director
3. Dr. Y S P Thorat	Member	Non executive Independent Director
4. Lt. Gen. Mukesh Sabharwal	Member	Non executive Independent Director

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

## **V Definitions**

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means IDBI Asset Management Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means-
  - (i) the Chief Executive Officer or the Managing Director
  - (ii) Chief Financial Officer;
  - (iii) Company Secretary;
  - (iv) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads

## **Applicability**

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

## **VI Policy for appointment and removal, Remuneration of Directors**

- Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- In terms of Article 171(b) of the Articles of Association of IDBI AMC, two Directors of IDBI AMC are appointed by IDBI Bank. The Directors so appointed, shall not be paid any remuneration or sitting fees by IDBI AMC.

- Further IDBI Bank shall also nominate one of its officials to act as MD & CEO of IDBI AMC. The remuneration and compensation structure, are paid by the Company, on reimbursement basis to IDBI Bank, as per advice issued by IDBI Bank from time to time and for such period as may be specified in this regard. These Pay Scales and Remuneration structure are fixed by IDBI Bank Limited based on negotiations with respective employee associations and after obtaining Board of Directors' and Government of India's approval in this regard. However, as per Companies Act 2013, the term of appointment shall not exceed five years at a time. No re-appointment shall be made earlier than one year before the expiry of term

- Apart from the above, no other Remuneration would be payable to any other Director on the Board of IDBI AMC except the payment of sitting fees to Independent Directors of the Company @Rs.10,000/- per meeting of the Board and Audit Committee of the Board and @Rs. 5000/- per meeting for other Board Committee Meetings and Annual General Meetings. These rates of sitting fees are prescribed by IDBI Bank and would also be approved by AMC's Board of Directors. The rates of sitting fees would be revised with the revision as may be notified from time to time. Apart from the sitting fees, the expenses on Travel, Transport and Stay of outstation Directors attending the Board and Board Committee Meetings would also be borne by IDBI AMC. An Independent Director shall not be entitled to any stock option of the Company.

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the

said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to 20 companies of which 10 public Companies as an Independent Director.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Directors shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

## **VII Remuneration of Key Managerial Personnel**

In terms of section 2(51) of the companies Act, 2013, Key Managerial Personnel, in relation to a company means:

- (i) The CEO or Managing Director;
- (ii) The Whole Time Director;
- (iii) The Company Secretary;
- (iv) The Chief Financial Officer (CFO); and
- (v) Such other officer as may be prescribed

The Remuneration Policy for MD is as covered under Para II of this Policy. As regards CFO and the Company Secretary, the positions and Remuneration structure would be as per the compensation structure of IDBI AMC and as per IDBI Bank's remuneration and compensation structure, if on deputation from IDBI Bank Limited.

The remuneration / compensation / commission etc. to the KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.

## **II. Remuneration of Officers and Employees**

The pay scales and remuneration structure of IDBI AMC's Officers and Employees would be as per the compensation structure of IDBI AMC.

## **III. Attendance of Chairperson of Nomination & Remuneration Committee**

### **Committee at General Meetings**

In compliance of the requirements of Section 178(7) of the Companies Act, 2013, the Chairperson or in his / her absence, any other member of the Nomination & Remuneration Committee (who will be deemed to be authorized by the Chairperson) shall attend IDBI AMC's General Meetings including Annual General Meetings.

**Annexure 'D'**

**FORM NO. AOC.2**

**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 arms length transactions under third proviso thereto**

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

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** NIL
  - (b) **Nature of contracts/arrangements/transactions:**
  - (c) **Duration of the contracts/arrangements/transactions:**
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:**
  - (e) **Justification for entering into such contracts or arrangements or transactions:**
  - (f) **Date(s) of approval by the Board:**
  - (g) **Amount paid as advances, if any:** Premium paid in advance yearly.
  - (h) **Date on which the special resolution was passed in general meeting as required under first proviso to section 188:**
  
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** IDBI Federal Life Insurance Company Limited– Group Company
  - (b) **Nature of contracts/arrangements/transactions:** Group Insurance Policy continuing and renewed every year by paying premium.
  - (c) **Duration of the contracts/arrangements/transactions:** Yearly Contract which is renewable each year
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:** limit is Rs. 85,00,000 for all existing and new employees of IDBI Asset Management Ltd. Members with SAs ranging from Rs. 8,500,001 and Rs. 11,000,000 Sum Insured: Rs. 280,703,250.
  - (e) **Date(s) of approval by the Board, if any:** 27<sup>th</sup> June, 2014
  - (f) **Amount paid as advances, if any:** NIL

- (g) Justification for entering into the contracts/arrangements/transactions:** The Company as part of its social security measure has taken this policy. Further the same was selected on a quotation basis and was found competitive compared to quotes offered by other Insurance Companies

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

## FORM NO. AOC.2

**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 arms length transactions under third proviso thereto**  
*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** NIL
  - (b) **Nature of contracts/arrangements/transactions:**
  - (c) **Duration of the contracts/arrangements/transactions:**
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any**
  - (e) **Justification for entering into such contracts or arrangements or transactions**
  - (f) **Date(s) of approval by the Board**
  - (g) **Amount paid as advances, if any:**
  - (h) **Date on which the special resolution was passed in general meeting as required under first proviso to section 188**

2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** IDBI Capital Market Services Limited (U65990MH1993GOI075578) – Group Company
  - (b) **Nature of contracts/arrangements/transactions:** To distribute Mutual Funds of IDBI Mutual Fund. To market the products of IDBI Mutual Fund.
  - (c) **Duration of the contracts/arrangements/transactions:** The transactions are done on a regular basis. Based on the applications received, commissions are paid on upfront as well as on trail basis at the rates which are determined on a quarterly basis by the AMC.
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:**

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 minimum installment amount for Systematic Investments should not be less than ₹. 1000 and a minimum period of 12 months. –For SIP amount of ₹.500 /- to less than ₹ 1000/- , Quarterly frequency SIP/s and for Daily, Weekly & Quarterly STPs under Nifty Index and Nifty Junior Index will be paid normal brokerage i.e. 0.75% – upfront, 0.25% 1st yr trail & 0.40% 2nd yr onwards trail.
- The Additional Target Based Incentive brokerage will be paid after end of the quarter.

- In the event of the SIP / STP being discontinued prior to the committed tenure, the payment of incentive of such investment will be proportionately reversed and will be recovered from the distributor's future brokerage payment.
  - Lump-sum incentive brokerage and Target Based Incentive brokerage is not applicable for SIP / STP drive.
  - For any investment which gets redeemed before the exit load period, the marketing incentive paid for such investment will be reversed proportionately and will be recovered from the distributor's future brokerage payment.
  - 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. Mutual Funds investments are subject to market risks. Please read the scheme documents carefully.
  - The brokerage/commission/remuneration indicated above is on a gross basis, and inclusive of applicable service tax and other statutory levies if any, from time to time. Service tax will be deducted from the rates indicated above as per the Income Tax Act.
  - Trail brokerage is payable monthly.
  - IDBI Asset Management Limited reserves the right to change the structure without any prior intimation.
  - All the ARN holders required to comply with KYD.
  - 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/-.
  - Per Application incentive for SIP/STP and Lumpsum applications is applicable only on unique PAN number.
  - For IDBI Gold Fund, for less than 3 years SIP investments, base brokerage rate will be applicable.
  - In the event of Lumpsum investment being redeemed before 6 months from the date of investment, the upfront brokerage paid on such lumpsum investment will be proportionately reversed and will be recovered from the distributor's future brokerage payment.
  - 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
- (e) **Date(s) of approval by the Board, if any:** 27<sup>th</sup> June, 2014, October 28, 2014 and December 31, 2014.
- (f) **Amount paid as advances, if any:** NIL

**(g) Justification for entering into the contracts/arrangements/transactions:** 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 4500 distributors as on March 31, 2015.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

**FORM NO. AOC.2**

**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 arms length transactions under third proviso thereto**

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

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** NIL
  - (b) **Nature of contracts/arrangements/transactions:**
  - (c) **Duration of the contracts/arrangements/transactions:**
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any**
  - (e) **Justification for entering into such contracts or arrangements or transactions**
  - (f) **Date(s) of approval by the Board**
  - (g) **Amount paid as advances, if any:**
  - (h) **Date on which the special resolution was passed in general meeting as required under first proviso to section 188**
  
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** IDBI MF Trustee Company Limited (U65991MH2010PLC199326) – Group Company
  - (b) **Nature of contracts/arrangements/transactions:** To obtain Management fees from IDBI Mutual Fund for managing the schemes of the Fund
  - (c) **Duration of the contracts/arrangements/transactions:** Has authorized 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.
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:** 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.
  - (e) **Date(s) of approval by the Board, if any:** 13<sup>th</sup> February, 2010.
  - (f) **Amount paid as advances, if any:** NIL

**(g) Justification for entering into the contracts/arrangements/transactions:** Regulation-52 of SEBI (Mutual Fund) Regulations 1996 allows IDBI Asset Management Limited to recover from the schemes management fees for managing the schemes of IDBI Mutual Fund .

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

## FORM NO. AOC.2

**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 arms length transactions under third proviso thereto**  
*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** NIL
  - (b) **Nature of contracts/arrangements/transactions:**
  - (c) **Duration of the contracts/arrangements/transactions:**
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any**
  - (e) **Justification for entering into such contracts or arrangements or transactions**
  - (f) **Date(s) of approval by the Board**
  - (g) **Amount paid as advances, if any:**
  - (h) **Date on which the special resolution was passed in general meeting as required under first proviso to section 188**
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** IDBI Bank Limited (L65190MH2004GOI148838) – Holding Company
  - (b) **Nature of contracts/arrangements/transactions:** To distribute Mutual Funds of IDBI Mutual Fund. To market the products of IDBI Mutual Fund
  - (c) **Duration of the contracts/arrangements/transactions:** 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.
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:** 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 and conditions**
    - The minimum installment amount for Systematic Investments should not be less than ₹. 1000 and a minimum period of 12 months. –For SIP amount of ₹.500 /- to less than ₹ 1000/- , Quarterly frequency SIP/s and for Daily, Weekly & Quarterly STPs under Nifty Index and Nifty Junior Index will be paid normal brokerage i.e. 0.75% – upfront, 0.25% 1st yr trail & 0.40% 2nd yr onwards trail.
    - The Additional Target Based Incentive brokerage will be paid after end of the quarter.

- In the event of the SIP / STP being discontinued prior to the committed tenure, the payment of incentive of such investment will be proportionately reversed and will be recovered from the distributor's future brokerage payment.
  - Lump-sum incentive brokerage and Target Based Incentive brokerage is not applicable for SIP / STP drive.
  - For any investment which gets redeemed before the exit load period, the marketing incentive paid for such investment will be reversed proportionately and will be recovered from the distributor's future brokerage payment.
  - 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. Mutual Funds investments are subject to market risks. Please read the scheme documents carefully.
  - The brokerage/commission/remuneration indicated above is on a gross basis, and inclusive of applicable service tax and other statutory levies if any, from time to time. Service tax will be deducted from the rates indicated above as per the Income Tax Act.
  - Trail brokerage is payable monthly.
  - IDBI Asset Management Limited reserves the right to change the structure without any prior intimation.
  - All the ARN holders required to comply with KYD.
  - 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/-.
  - Per Application incentive for SIP/STP and Lumpsum applications is applicable only on unique PAN number.
  - For IDBI Gold Fund, for less than 3 years SIP investments, base brokerage rate will be applicable.
  - In the event of Lumpsum investment being redeemed before 6 months from the date of investment, the upfront brokerage paid on such lumpsum investment will be proportionately reversed and will be recovered from the distributor's future brokerage payment.
  - 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.
- (e) **Date(s) of approval by the Board, if any:** 27<sup>th</sup> June, 2014, October 28, 2014, and December 31, 2014.

(f) **Amount paid as advances, if any:** NIL

(g) **Justification for entering into the contracts/arrangements/transactions:** IDBI Bank Limited is a AMFI registered Mutual Fund Distributor. Further, IDBI Bank Limited has more than 1100 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 4500 distributors as on March 31, 2015.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

**FORM NO. AOC.2**

**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 arms length transactions under third proviso thereto  
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** NIL
  - (b) **Nature of contracts/arrangements/transactions:**
  - (c) **Duration of the contracts/arrangements/transactions:**
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any**
  - (e) **Justification for entering into such contracts or arrangements or transactions**
  - (f) **Date(s) of approval by the Board**
  - (g) **Amount paid as advances, if any:**
  - (h) **Date on which the special resolution was passed in general meeting as required under first proviso to section 188**
  
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) **Name(s) of the related party and nature of relationship:** IDBI Bank Limited (L65190MH2004GOI148838) – Holding Company
  - (b) **Nature of contracts/arrangements/transactions:** Office space at 12 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.
  - (c) **Duration of the contracts/arrangements/transactions:** the contracts are entered on a perpetual basis subject to termination by either party
  - (d) **Salient terms of the contracts or arrangements or transactions including the value, if any:** Rent payable on monthly basis or as and when raised by IDBI Bank Limited. The rent amount per sq ft. is as follows for different locations:

Sr. No.	Branch Location	Address of the Branches	Area Sq. ft.	Rate per sq. ft. Rs.	Total Rs.
1	Mumbai	5th Floor, Mafatlal Centre Nariman Point, Mumbai 400021	7822.50	135.00	1056037.50
2	Delhi	4th Floor, Indian Red Cross Society Building 1, Red Cross Road, New	588.00	315.88	185737.44

		Delhi 110001			
3	Chandigarh	Sco-72-73, 3rd Floor. Sector 17 B, Chandigarh 160017	175.00	75.00	13125.00
4	Hyderabad	IDBI House 3rd Floor, 5-9-89/1 Chapel Road Hyderabad 500001	500.00	25.00	12500.00
5	Bangalore	IDBI House No. 58, 1st Floor, Mission Road Bangalore 560027	684.00	100.00	68400.00
6	Ahmedabad	IDBI Complex, 1st Floor Near Lall Bungalows, off C G Road Ahmedabad 380006	100.00	30.00	3000.00
7	Lucknow	Kisan Sehakari Bhavan, 2 M G Marg, Hajratganj Lucknow 226001	100.00	74.30	7430.00
8	Indore	IDBI Bank, Mezzanine Floor Ratlam Kothi, Alankar Chambers Geeta Bhavan, A B Road Inore 452001	100.00	33.00	3300.00
9	Pune	IDBI House 4th Floor, Dyaneshwar Paduka Chawk, F C Road Shivaji Nagar Pune 411004	252.00	110.00	27720.00
10	Kolkata	IDBI House, 6th Floor 44 Shakespeare Sarani, Kolkata 700017	1000.00	50.00	50000.00

11	Cochin	Panampilly branch, Cochin.	200.00	90.00	18000.00
12	Chennai	6/11, Balfour Road, Kilpauk, Chennai 600010	760.00	84.94	64551.00

- (e) **Date(s) of approval by the Board, if any:** 27<sup>th</sup> June, 2014. (in existence prior to commencement of Companies act 2013)
- (f) **Amount paid as advances, if any:** NIL
- (g) **Justification for entering into the contracts/arrangements/transactions:** IDBI Bank Limited has more than 1100 branches in India. In order to create synergy between the business of two Companies, 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

Mumbai

Date: June 27, 2015

S N Baheti (00136476)  
MD&CEO

N S Venkatesh(01893686)  
CHAIRMAN for the meeting  
held on June 27, 2015

**Annexure 'E'**

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

	Name of the employee	designation of the employee;	remuneration received for the yr 2014-15	nature of employment, whether contractual or otherwise	qualifications and experience of the employee	date of commencement of employment	the age of such employee	the last employment held by such employee before joining the company;	the percentage of equity shares held by the employee in the company within the meaning of clause	whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:
if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	Shri Arun Singh	ED	63,25,000	Permanent	B.A. Economics Hon. / Master's Diploma in Business Administration	1st Feb 2010	59	DHFL	NIL	NO
	Shri Sarath Sarma	ED	63,25,000	Permanent	BE Hon. / MBA - Finance	1st Feb 2010	43	Gateway Financial Adviser	NIL	NO
if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

**NOTES:**

1. All appointments are contractual and terminable by notice on either side.
2. Remuneration includes salary, bonus, various allowances, contribution to Provident Fund and Superannuation Fund, taxable value of perqs and gratuity paid but excluding gratuity provision.
3. None of the employees mentioned above is related to any director of the Company to each other.
4. Information about qualifications and last employment is based on particulars furnished by the concerned employee.
5. \*refers to employees drawing remuneration more than the remuneration drawn by a whole-time director but do not hold, by themselves or along with their spouse and dependent children, two percent or more of the equity shares of the Company.

**G.S.R. & Co.,**

**COMPANY SECRETARIES**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31<sup>st</sup> March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of  
the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members

M/s. IDBI Asset Management Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. 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 and also 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, 2015, 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 M/s. IDBI Asset Management Limited for the financial year ended on 31<sup>st</sup> March, 2015 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;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 as amended from time to time.;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

## **G.S.R. & Co.,**

### **COMPANY SECRETARIES**

- (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (d) SEBI (Intermediaries) Regulations, 2008;
  - (e) SEBI (Research Analyst) Regulations, 2014
- (vii) Other Laws like labour laws, taxation, Administration etc. applicable to the Company as per representation given by the Management.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. *(Not notified for this financial year, hence not applicable to the Company during the audit period)*

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 following laws specifically applicable to the Company.

- (a) SEBI (Mutual Fund) Regulations, 1996

During the period under review, the Company, being investment manager to IDBI Mutual Fund, have received letters from SEBI regarding instances of non-compliance of certain regulations regarding management of the mutual fund schemes and advising the Company to take steps to strengthen the compliance systems while managing the mutual fund schemes. On verifying the agenda and minutes of the Company, it is observed that the Company has submitted suitable replies to SEBI, wherever required and placed the details of the replies before the Board of Directors of the Company.

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 is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and less than seven days in applicable cases in accordance with the provisions of the Act, 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 unanimously 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 place in the Company commensurate with the size, nature of business and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

## **G.S.R. & Co.,**

### **COMPANY SECRETARIES**

We further report that during the audit period no events have occurred which have a major bearing on the Company's affairs. However, the following events have occurred during the period under review.

- (a) The approval of the shareholders obtained for delegation of authorization for related party transactions to Board under section 188 of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (b) The approval of the shareholders obtained for amendment to Articles of Association under section 14 of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (c) The approval of the shareholders obtained for increase in authorized share capital from Rs.150 Crores to Rs.250 Crores under sections 13,14&16 of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (d) The approval of the shareholders obtained for authorization to Board including its Committee thereof for rights issue of upto Rs. 85 crore, with an option to renounce, under section 62(1)(c) of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (e) Infusion of Rs. 85 crore equity share capital into the Company by way of rights issue, with an option to renounce, in accordance with Section 62(1)(c) of the Companies Act 2013.

**For G.S.R. & Co.,**

**COMPANY SECRETARIES**

Place: Chennai

Date : 22.06.2015

s/d-

**G. SREENIVASA RAO**

(C.P. No: 4966)

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

# **G.S.R. & Co.,**

## **COMPANY SECRETARIES**

### ANNEXURE 'A'

To  
The Members  
M/s. IDBI Asset Management Limited  
IDBI TOWER,  
WTC Complex, Cuffe Parade, Colaba  
Mumbai – 400005.

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

1. Maintenance of secretarial records 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 corrected 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 efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For G.S.R. & Co.,**

**COMPANY SECRETARIES**

S/d-

**G. SREENIVASA RAO**  
(C.P. No: 4966)

Place: Chennai

Date : 22.06.2015

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31<sup>st</sup> March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of  
the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members  
M/s. IDBI Asset Management Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. 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 and also 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, 2015, 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 M/s. IDBI Asset Management Limited for the financial year ended on 31<sup>st</sup> March, 2015 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;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 as amended from time to time.;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;



**G.S.R. & Co.,**  
**COMPANY SECRETARIES**

- (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (d) SEBI (Intermediaries) Regulations, 2008;
  - (e) SEBI (Research Analyst) Regulations, 2014
- (vii) Other Laws like labour laws, taxation, Administration etc. applicable to the Company as per representation given by the Management.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. *(Not notified for this financial year, hence not applicable to the Company during the audit period)*

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 following laws specifically applicable to the Company.

- (a) SEBI (Mutual Fund) Regulations, 1996

During the period under review, the Company, being investment manager to IDBI Mutual Fund, have received letters from SEBI regarding instances of non-compliance of certain regulations regarding management of the mutual fund schemes and advising the Company to take steps to strengthen the compliance systems while managing the mutual fund schemes. On verifying the records of the Company, it is observed that the Company has submitted suitable replies to SEBI, wherever required and placed the details of the replies before the Board of Directors of the Company.

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 is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and less than seven days in applicable cases in accordance with the provisions of the Act, 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 unanimously 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 place in the Company commensurate with the size, nature of business and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.



**G.S.R. & Co.,**  
**COMPANY SECRETARIES**

We further report that during the audit period no events have occurred which have a major bearing on the Company's affairs. However, the following events have occurred during the period under review.

- (a) The approval of the shareholders obtained for delegation of authorization for related party transactions to Board under section 188 of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (b) The approval of the shareholders obtained for amendment to Articles of Association under section 14 of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (c) The approval of the shareholders obtained for increase in authorized share capital from Rs.150 Crores to Rs.250 Crores under sections 13,14&16 of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (d) The approval of the shareholders obtained for authorization to Board including its Committee thereof for rights issue of upto Rs. 85 crore, with an option to renounce, under section 62(1)(c) of the Companies Act, 2013 vide special resolution passed at the Annual General Meeting held on 27.06.2014.
- (e) Infusion of Rs. 85 crore equity share capital into the Company by way of rights issue, with an option to renounce, in accordance with Section 62(1)(c) of the Companies Act 2013.

Place: Chennai  
Date : 22.06.2015



For G.S.R. & Co.,  
COMPANY SECRETARIES

*GSR*  
G. SREENIVASA RAO  
(C.P. No. 4386)

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

ANNEXURE 'A'

To  
The Members  
M/s. IDBI Asset Management Limited

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

1. Maintenance of secretarial records 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 corrected 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 efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai  
Date : 22.06.2015



For G.S.R. & Co.,  
COMPANY SECRETARIES

  
G. SREENIVASA RAO  
(C.P. No. 4966)



भारतीय लेखा तथा लेखापरीक्षा विभाग

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

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

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

**Confidential**

No. GA/R-III/A/Cs/IDBI Asset /2014-15/55

25 JUN 2015

To

The Managing Director & CEO,  
IDBI Asset Management Limited,  
5<sup>th</sup> Floor, Mafatlal Centre,  
Nariman Point,  
Mumbai – 400 021

25/6  
C.S.

**Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of IDBI Asset Management Limited for the year ended 31 March 2015**

Sir,

Please find enclosed the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of IDBI Asset Management Limited for the year ended 31 March 2015. The comments may be placed next to the Statutory Auditor's report with a proper indication in the list of contents in the printed Annual Report.

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

Ten copies of the printed Annual Report may also be sent to this office.

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

Yours faithfully,

(Roop Rashi)

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Encl.: As above

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF IDBI ASSET MANAGEMENT LIMITED FOR THE YEAR ENDED  
31 MARCH 2015**

The preparation of financial statements of IDBI Asset Management Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 April 2015.

The assets under management through various schemes managed by IDBI Asset Management Limited are not reflected in its Balance Sheet, since these assets do not form part of the IDBI Asset Management Limited. Therefore, I have not looked into operation of these schemes including decision making regarding acquisition, management and disposal of the assets managed by the IDBI Asset Management Limited and express no opinion on the soundness of the investments .

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IDBI Asset Management Limited for the year ended 31 March 2015 and as such have no comments to make under section 143(6)(b) of the Act.

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



(Roop Rashi)

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai  
Date : 25 June 2015



## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF  
IDBI Asset Management Limited**

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

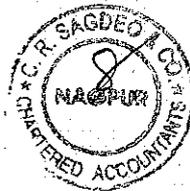
We have audited the accompanying financial statements of **IDBI Asset Management Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 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 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.





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

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 financial statements.

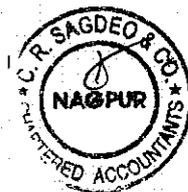
### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2015, and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

Note no. 2 in the financial statements indicates that the Company has accumulated losses and its net worth has been substantially eroded. The Company has also incurred a net cash loss during the current and previous years. Though this condition indicates the existence of stress in the business operations and fund flows of the Company, the issues have been addressed by the management in the form of a blueprint for achieving financial turnaround in the next two years. Therefore the financial statements of the Company have been prepared on a going concern basis. Our opinion is not qualified or modified in respect of this matter.





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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors Report) Order 2015 issued by the Central Government vide its order dated 10<sup>th</sup> April 2015, 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.

(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 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) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have some adverse effect on the functioning of the Company.*

*(f) The Company has a substantive internal financial control system in place; however the effectiveness of the same particularly with regard to the checking of scheme related expenditure needs to be further strengthened.*

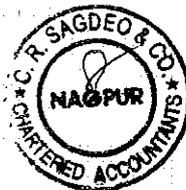
(g) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(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:

i. The Company has disclosed all pending litigations on its financial position in its financial statements in the 'Significant accounting policies and other notes' to the financial statements;

ii. The Company has made adequate provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts and does not have any derivative contracts as on the date of Balance Sheet.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



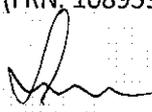


**C. R. SAGDEO & CO.**  
**CHARTERED ACCOUNTANTS**

3. As per directions under section 143 (5) of the Companies Act 2013 our comments are as follows;

Sr.	Directions	Observations of Auditor
1	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including committed and general reserves) may be examined including the mode and present stage of disinvestment process.	The company is not selected for disinvestment, 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	A report on age wise analysis of pending legal/arbitration cases including the reasons of pendency and existence / effectiveness of monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are only two legal matters concerning Income Tax and MVAT which are pending with the appropriate appellate authorities. Both these cases are reported in the Independent Auditors Report.  Both these cases are less than three months old and have yet to come up for hearing.  These cases are being monitored effectively by the management for expenditure.

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


(Suman Bose)  
(Partner)  
(Membership No. 45239)  
Place: Mumbai  
Date: 20<sup>th</sup> April 2015



**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 2015

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 at reasonable intervals has physically verified the fixed assets and no material discrepancies were noticed on such verification.
- ii) Being a service company, it does not hold any physical inventory. Therefore para 3(ii) of the Companies (Auditors' Report) Order 2015 does not apply to the Company.
- iii) The Company has not granted any secured/unsecured loans to companies, firms and/or other parties listed in the Register maintained under section 189 of the Companies Act 2013.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and rendering of services. However the effectiveness of such controls especially with regards to the checking and payment of scheme related expenditures needs to be further strengthened.
- v) The Company has not accepted any deposits during the year. Accordingly, para 3(v) of the Companies (Auditors' Report) Order 2015 does not apply to the Company.
- vi) The Central Government has not prescribed for the Company the maintenance of cost records under section 128 of the Companies Act 2013 for any of the services rendered by the Company. Accordingly para 3(vi) of the Companies (Auditors' Report) Order 2015 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





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

on 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.

(b) According to the records of 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
Income Tax Act 1961	Income Tax Penalty u/s 271 (1)(c)	Not yet quantified	FY 2011-12	Comm. Of Income Tax Appeals
MVAT ACT	VAT set off on purchases denied	Rs. 25.69 lacs	FY 2011-12	Joint Comm. Of Sales Tax Appeals

(c) The Company is not required to transfer any amounts to the investor education and protection fund in accordance with the relevant provisions of the Companies Act 1956 and rules made there under as it is in existence since five years only and in view of losses has not declared any dividend till date.

- viii) The Company was incorporated on 25<sup>th</sup> Jan 2010 and has completed five years of existence as on the Balance Sheet date. As on the 31<sup>st</sup> March 2015, the Company has accumulated losses which is in excess of 50% of its net worth (before adjustment of losses). The net worth of the company (before adjustment of losses) as on 31<sup>st</sup> March 2015 stood at Rs. 198.28 crores and the total accumulated losses stood at Rs. 106.33 crores. The Company has also incurred cash losses which in the current financial year is Rs. 20.74 crores and in the immediately preceding financial year was Rs. 20.53 crores.
- ix) The Company does not have any outstanding dues to any financial institution, banks or debenture holders during the year. Accordingly, para 3(ix) of the Companies (Auditors' Report) Order 2015 does not apply to the Company.
- x) According to the information and explanations given to us, the Company has not given any guarantees in respect of loans taken by others from banks and financial institutions. Accordingly, para 3(x) of the Companies (Auditors' Report) Order 2015 does not apply to the Company.





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

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- xi) The Company did not have any term loans borrowing during the year. Accordingly, para 3(xi) of the Companies (Auditors' Report) Order 2015 does not apply to the Company.
- xii) According to the information and explanations given to us, no frauds on or by the Company has been noticed or reported during the year.

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



(Suman Bose)  
(Partner)  
(Membership No. 45239)  
Place: Mumbai  
Date: 20<sup>th</sup> April 2015

# IDBI ASSET MANAGEMENT LIMITED

(CIN: U65100MH2010PLC199319)

BALANCE SHEET AS AT 31st March 2015

Amount in Rupees

	Particulars	Note	31 March' 2015	31 March' 2014
I.	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' funds			
	(a) Share capital	1	2,000,000,000	1,150,000,000
	(b) Reserves and surplus	2	(1,063,132,716)	(855,846,140)
	(C) Money received against share warrants		-	-
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Deferred tax liabilities (Net)		408,324	10,826,246
	(b) Long-term provisions	3	4,410,122	3,980,290
4	Current liabilities			
	(a) Trade payables	4	45,913,477	63,743,758
	(b) Other current liabilities	5	1,739,505	2,725,482
	(c) Short-term provisions	6	1,544,446	3,158,934
	Total		990,883,158	378,588,572
II.	<b>ASSETS</b>			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	7	7,960,214	8,799,746
	(ii) Intangible assets	8	3,004,717	6,221,184
	(b) Non-current investments	9	726,626,534	-
	(c) Deferred tax Asset (Net)		-	-
	(d) Long-term loans and advances		-	-
	(e) Other non-current assets	10	4,730,244	17,187,510
2	Current assets			
	(a) Current investments		167,901,784	267,960,145
	(b) Trade receivables	11	2,125,632	9,896,707
	(c) Cash and Bank Balances	12	1,509,609	801,053
	(d) Short-term loans and advances	13	6,937,347	2,095,603
	(e) Other current assets	14	70,087,078	65,626,624
	Total		990,883,158	378,588,571
	Significant accounting policies and other notes	21		

vide our report of even date

For CR Sagdeo & Co

Chartered Accountants

Firm Regn No 108959W

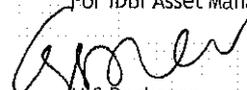
  
Suman Bose  
Partner  
M.No.045239

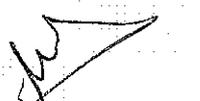


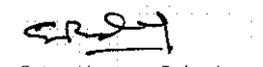
Place : Mumbai

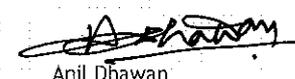
Date : 20 April 2015

For IDBI Asset Management Limited

  
M S Raghavan  
Chairman  
DIN: 05236790

  
Mahesh Jiandani  
Company Secretary  
FCS 7360

  
Satya Narayan Baheti  
Managing Director & CEO  
DIN: 00136476

  
Anil Dhawan  
CFO  
FCA 096911

# IDBI ASSET MANAGEMENT LIMITED

(CIN: U65100MH2010PLC199319)

## Profit and Loss Statement for the period ended 31 March 2015

Amount in Rupees

Particulars	Note	31 March' 2015	31 March' 2014
<b>I. Income</b>			
(a) Revenue from operations	15	261,987,291	188,030,750
(b) Other income	16	37,197,328	21,898,059
<b>Total Revenue (a + b)</b>		<b>299,184,619</b>	<b>209,928,809</b>
<b>II. Expenses</b>			
(a) Employee benefits expense	17	158,405,535	153,319,437
(b) Scheme and Distribution Expenses	18	279,325,707	153,143,413
(b) Other expenses	19	71,318,304	83,204,043
(c) Depreciation and amortization expense	20	7,839,573	8,504,793
<b>Total expenses(a+b+c)</b>		<b>516,889,118</b>	<b>398,171,687</b>
<b>III Loss before exceptional and extraordinary items and tax (I-II)</b>		<b>(217,704,499)</b>	<b>(188,242,875)</b>
<b>IV Exceptional items</b>			
<b>V Extraordinary items</b>			
<b>VI Loss before tax (III-IV-V)</b>		<b>(217,704,499)</b>	<b>(188,242,875)</b>
<b>IV Tax expense:</b>			
(1) Current tax			
(2) Deferred tax		(10,417,923)	17,015,605
<b>V Loss for the year (III-IV)</b>		<b>(207,286,576)</b>	<b>(205,258,481)</b>
<b>VI Earnings per equity share:</b>			
(1) Basic		(1.45)	(2.03)
(2) Diluted		(1.45)	(2.03)
Significant accounting policies and other notes	21		

vide our report of even date

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

Suman Bose  
Partner  
M.No.045239

Place : Mumbai  
Date : 20 April 2015



For IDBI Asset Management Limited

M S Raghavan  
Chairman  
DIN: 05236790

Manish Jiandani  
Company Secretary  
FCS 7360

Satya Narayan Baheti  
Managing Director & CEO  
DIN: 00136476

Arjit Dhawan  
CFO  
FCA 096911

# IDBI ASSET MANAGEMENT LIMITED

## NOTES FORMING PART OF THE BALANCE SHEET

	Amount in Rupees	
	31 March' 2015	31 March' 2014
<b>Authorised</b>		
250,000,000 Equity Shares of Rs. 10 each (150,000,000 Equity shares of Rs.10 each)	2,500,000,000	1,500,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
200,000,000 Equity Shares of Rs. 10 each (115,000,000 Equity shares of Rs.10 each)	2,000,000,000	1,150,000,000
<b>Total</b>	<b>2,000,000,000</b>	<b>1,150,000,000</b>

### Reconciliation of number of shares outstanding

	Nos. of Shares	
	31 March' 2015	31 March' 2014
Shares outstanding at the beginning of the year	115,000,000	75,000,000
Shares issued during the year	85,000,000	40,000,000
Shares brought back during the year	-	-
Shares outstanding at the end of the year	<b>200,000,000</b>	<b>115,000,000</b>

### Details of Shareholdings

Name of Shareholder	31 March' 2015		31 March' 2014	
	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	75,000,000	55.56
IDBI Capital Market Services Limited	66,660,000	33.33	40,000,000	44.44
<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>	<b>115,000,000</b>	<b>100.00</b>

### Note 2: Reserves and surplus

	Amount in Rupees	
	31 March' 2015	31 March' 2014
<b>Surplus</b>		
Opening balance	(855,846,140)	(650,587,659)
(+) Loss For the current year	(207,286,576)	(205,258,481)
Closing Balance	<b>(1,063,132,716)</b>	<b>(855,846,140)</b>

### Note 3: Long-term provisions

	Amount in Rupees	
	31 March' 2015	31 March' 2014
<b>Provision for employee benefits</b>		
(a) Leave Encashment (Unfunded)	5,999,480	5,056,877
Less: Amount treated as Current liability	(1,589,358)	(1,076,587)
<b>Total (a)+(b)</b>	<b>4,410,122</b>	<b>3,980,290</b>

### Note 4: Trade payables

	Amount in Rupees	
	31 March' 2015	31 March' 2014
(a) Brokerage Payable	14,608,030	23,131,437
(b) Provision for Expenses	19,517,368	31,186,199
(c) Creditors for Expenses	11,788,079	9,426,122
<b>Total</b>	<b>45,913,477</b>	<b>63,743,758</b>

### Note 5: Other current liabilities

	Amount in Rupees	
	31 March' 2015	31 March' 2014
(a) TDS payable	1,737,033	2,703,851
(b) Service Tax Payable	2,472	-
(c) Professional Tax Payable	-	21,631
<b>Total</b>	<b>1,739,505</b>	<b>2,725,482</b>

### Note 6: Short-term provisions

	Amount in Rupees	
	31 March' 2015	31 March' 2014
<b>Provision for employee benefits</b>		
Contribution to PF	-	1,085,916
Gratuity (Funded)	(44,908)	996,432
Leave Encashment	1,589,358	1,076,587
<b>Total</b>	<b>1,544,450</b>	<b>3,158,935</b>



Note 7: Tangible assets - Attached Separately

Note 8: Intangible assets - Attached Separately

Note 9: Investments

Non-current investments	31 March' 2015		31 March' 2014	
	Units	Amount	Units	Amount
<b>Investment in IDBI Mutual Fund</b>				
(i) IDBI Liquid Fund - Growth	3,427	5,131,012	-	-
(ii) IDBI Dynamic Bond Fund - Growth	407,282	5,000,000	-	-
(iii) IDBI Diversified Equity Fund - Growth	315,856	5,000,000	-	-
(iv) IDBI Gold Fund FOF-Growth	591,835	5,000,000	-	-
(v) IDBI Gilt Fund - Growth	2,072,297	25,000,000	-	-
(vi) IDBI India Top 100 Equity Fund - Growth	265,252	5,000,000	-	-
(vii) IDBI Monthly Income Plan -Growth	362,337	5,000,000	-	-
(viii) IDBI Nifty Index Fund -Growth	307,418	5,000,000	-	-
(ix) IDBI Nifty Junior Index Fund - Growth	337,881	5,000,000	-	-
(x) IDBI Debt Opportunities Fund- Growth	458,552	5,000,000	-	-
(xi) IDBI Short Term Bond Fund - Growth	9,324,516	130,000,000	-	-
(xii) IDBI Equity Advantage Fund - Growth	256,674	5,000,000	-	-
(xiii) IDBI Ultra Short Term Fund - Growth	3,442	5,000,000	-	-
(xiv) IDBI Gold Fund EFT	2,000	5,058,022	-	-
Investment in Equity Share Capital MF Utility India Pvt Ltd of Rs. 1/- each	500,000	500,000	-	-
Fixed Deposit - IDBI Bank	-	510,937,500	-	-
<b>Aggregate amount of quoted investments</b>	<b>15,205,342</b>	<b>726,626,534</b>	-	-
Market value /NAV of quoted investments	-	732,341,456	-	-
Aggregate provision made for diminution in value of Investments	-	-	-	-
<b>Current investments</b>				
<b>Investment in IDBI Mutual Fund - Quoted (Valued)</b>				
(i) IDBI Liquid Fund - Daily Dividend	147,751	147,901,784	102,855	102,960,145
(ii) IDBI FMP-Series IV-90 Days(February 2014)-D	-	-	5,000,000	50,000,000
(iii) IDBI FMP- 385 Days Series- III ( March 2013)-	-	-	1,500,000	15,000,000
(iv) IDBI FMP-Series IV-387 Days(March 2014)-G	2,000,000	20,000,000	2,000,000	20,000,000
(v) IDBI FMP-Series IV-91 Days(March 2014)-H	-	-	3,000,000	30,000,000
(vi) IDBI FMP - Series III-366 days (Sept 2013)-M -	-	-	5,000,000	50,000,000
<b>Aggregate amount of quoted investments</b>	-	<b>167,901,784</b>	-	<b>267,960,145</b>
Market value /NAV of quoted investments	-	169,882,737	-	272,223,044
Aggregate provision made for diminution in value of Investments	-	-	-	-

Note 10: Other non-current assets

	Amount in Rupees	
	31 March' 2015	31 March' 2014
Deferred Revenue Expenditure	17,187,510	41,119,903
Less: Amount treated in other current assets	(12,457,266)	(23,932,393)
<b>Total</b>	<b>4,730,244</b>	<b>17,187,510</b>

Note 11: Trade receivables

	Amount in Rupees	
	31 March' 2015	31 March' 2014
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment	2,125,632	9,896,707
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
<b>Total</b>	<b>2,125,632</b>	<b>9,896,707</b>

Note 12: Cash and Bank Balances

	Amount in Rupees	
	31 March' 2015	31 March' 2014
<b>Cash and cash equivalents</b>		
(a) Balances with banks	1,508,430	796,339
(b) Cash on hand	1,179	4,714
<b>Total</b>	<b>1,509,609</b>	<b>801,053</b>



Note 13: Short-term loans and advances

	Amount in Rupees	
	31 March' 2015	31 March' 2014
Unsecured, considered good		
Staff advance	1,361,776	1,701,914
Advance to vendors	5,575,571	393,689
<b>Total</b>	<b>6,937,347</b>	<b>2,095,603</b>

Note 14: Other current assets

	Amount in Rupees	
	31 March' 2015	31 March' 2014
Deposits - Others	217,895	173,905
Service Tax-Input Credit	2,409,388	1,878,296
Tax deducted at source F.Y. 2014-15	12,952,948	
Tax deducted at source F.Y. 2013-14	21,391,623	21,391,623
Tax deducted at source F.Y. 2012-13	15,642,293	15,642,293
Tax deducted at source F.Y. 2009-10		12,740
Prepaid expense	2,131,342	2,595,371
Current Asset portion of Deferred Revenue Expenditure	12,457,266	23,932,393
Interest Accrued but not due	2,884,322	
<b>Total</b>	<b>70,087,078</b>	<b>65,626,621</b>



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

**Note 15: Revenue from operations**

	Amount in Rupees	
	31 March' 2015	31 March' 2014
Management Fees (Gross)	294,368,920	211,271,351
Less : Service Tax	32,381,629	23,240,601
<b>Management Fees (Net)</b>	<b>261,987,291</b>	<b>188,030,750</b>

**Note 16: Other income**

	Amount in Rupees	
	31 March' 2015	31 March' 2014
Interest Income	13,824,392	990,833
Dividend Income	1,264,205	7,274,960
Net gain/loss on sale of investments	18,854,305	11,185,526
Profit on Sale of Fixed Assets	-	11,125
Other non-operating income (net of expenses directly attributable to such income)	617,936	6,318
Secretarial and Accounts Services Fees (Gross)	2,962,360	2,729,558
Less : Service Tax	325,870	300,261
Secretarial and Accounts Services Fees (Net)	2,636,490	2,429,297
<b>Total</b>	<b>37,197,328</b>	<b>21,898,059</b>

**Note 17: Employee benefits expense**

	Amount in Rupees	
	31 March' 2015	31 March' 2014
(a) Salaries and incentives	141,372,318	137,678,177
(b) Contributions to -		
(i) Provident fund	7,314,389	6,692,835
(ii) Gratuity fund	2,666,538	2,023,934
(b) Staff welfare expenses	5,629,966	5,842,709
(c) Staff Training Expenses	111,450	261,839
(d) Leave Encashment	1,310,874	819,943
<b>Total</b>	<b>158,405,535</b>	<b>153,319,437</b>

**Note 20: Depreciation and amortization expense**

	Amount in Rupees	
	31 March' 2015	31 March' 2014
(a) Tangible assets	3,455,262	4,538,283
(b) Intangible assets	4,384,310	3,966,510
<b>Total</b>	<b>7,839,573</b>	<b>8,504,793</b>

**Note 18: Scheme and Distribution Expenses**

	Amount in Rupees	
	31 March' 2015	31 March' 2014
(a) Scheme Expenses		
Distributors' Brokerage	100,503,424	46,205,979
Distributors' Incentives / Fees	22,521,520	6,446,907
Register & Transfer agent and other expenses	16,495,489	12,178,595
Annualised / Trail Brokerage	89,678,556	29,669,829
Custodian Fees	8,014,404	4,108,643
VAT Payment to Sales Tax Department	3,007,467	-
Statutory, Internal & Concurrent Audit Fees	3,734,601	2,418,795
Finance Charges	1,641,487	6,267,189
Other scheme Related expenses	8,614,147	18,207,486

(cont.)



(b) Other Sales & Distribution Expenses	-	-
Advertisement Expenses	4,212,796	5,707,024
Printing Material	4,367,351	4,586,588
Courier & Postage	2,680,813	4,073,369
Conference & Seminars	549,410	3,120,963
Other Sales & Distribution Costs	689,695	1,042,828
Business Promotion expenses	291,516	206,695
Entertainment Expenses	1,590,736	2,742,502
Out Bound Sales Expenses	10,732,295	6,160,020
<b>Total</b>	<b>279,325,707</b>	<b>153,143,413</b>

Note 19: Other expenses

	Amount in Rupees	
	31 March' 2015	31 March' 2014
Office Rent	18,229,467	16,881,883
House-keeping, Maintenance & Others	7,631,493	6,847,520
Electricity & Water	2,847,152	3,798,639
Telephone expenses	3,811,390	3,394,585
IT & Networking Expenses	17,523,758	18,321,400
Professional & Consultancy Fees	3,219,351	2,844,554
Printing & Stationery	1,767,030	1,318,119
Local Conveyance	4,181,777	4,079,005
Bank Charges	3,470	418
Rates & Taxes	10,813,316	4,008,838
Travel & Halting Expenses	4,014,182	7,109,185
Subscriptions	9,782,026	8,988,789
Membership & Subscriptions to AMFI/SEBI	900,000	2,700,000
Director Sitting Fees	540,000	310,000
Repairs & Maintenance	678,222	1,551,286
Loss on Sale of Assets	10,876	-
Audit fees	350,000	295,000
Miscellaneous expenses	542,976	754,822
Excess provision write (back) off	(15,528,180)	-
<b>Total</b>	<b>71,318,304</b>	<b>83,204,043</b>



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

Note 6 : Tangible assets

	Gross Block					Accumulated Depreciation			Net Block	
	31 March' 2014	Additions	Disposals	31 March' 2015	31 March' 2014	Depreciation charge for the year	On disposals	31 March' 2015	31 March' 2015	31 March 2014
<b>Tangible Assets</b>										
(a) Furniture and Fixtures	4,835,741	-	-	4,835,741	1,238,748	437,056	-	1,675,804	3,159,937	3,596,993
(b) Communication Equipment	1,709,959	323,250	91,875	1,941,334	839,206	329,081	33,511	1,134,760	806,559	870,753
(c) Office equipment	4,123,614	905,173	-	5,028,786	1,293,919	1,443,718	-	2,737,637	2,291,149	2,829,694
(d) Computer Hardware	27,026,069	1,445,669	41,000	28,430,738	25,523,770	1,245,413	41,000	26,728,183	1,702,556	1,502,299
<b>Total</b>	<b>37,695,383</b>	<b>2,674,092</b>	<b>132,875</b>	<b>40,236,600</b>	<b>28,895,643</b>	<b>3,455,268</b>	<b>74,511</b>	<b>32,276,384</b>	<b>7,960,200</b>	<b>8,799,740</b>
Previous year	35,396,924	2,338,409	39,950	37,695,383	24,386,469	4,538,274	29,100	28,895,628	8,799,748	11,010,454

Note 7 : Intangible assets

	Gross Block					Accumulated Depreciation			Net Block	
	31 March' 2014	Additions	Disposals	31 March' 2015	31 March' 2014	Depreciation charge for the year	On disposals	31 March' 2015	31 March' 2015	31 March 2014
<b>Intangible Assets</b>										
(a) Computer software	23,593,887	1,167,843	-	24,761,730	17,372,704	4,384,310	-	21,757,014	3,004,717	6,221,184
<b>Total</b>	<b>23,593,887</b>	<b>1,167,843</b>	<b>-</b>	<b>24,761,730</b>	<b>17,372,704</b>	<b>4,384,310</b>	<b>-</b>	<b>21,757,014</b>	<b>3,004,717</b>	<b>6,221,184</b>
Previous year	20,896,008	2,697,879	-	23,593,887	13,406,194	3,966,510	-	17,372,704	6,221,184	7,489,815



# IDBI ASSET MANAGEMENT LIMITED

(CIN: U65100MH2010PLC199319)

## Cash Flow Statement for the period ended 31st March 2015

Amount in Rupees

Particulars	31 March' 2015	31 March' 2014
<b>(A) Cash Flow from Operating Activities :</b>		
Loss for the year	(217,704,499)	(188,242,875)
Add: Adjustments		
Loss on sale of Assets	10,876	(11,125)
Depreciation & amortisation	7,839,573	8,504,793
Provision for depreciation no longer required written back	-	-
Interest on Income Tax refund/ Bank FD	(13,824,392)	(990,833)
Dividend Income	(1,264,205)	(7,274,960)
Other Income	(3,254,425)	(6,318)
Net gain on sale of investments	(18,854,305)	(11,185,526)
Operating Loss before Working Capital changes	<b>(247,051,379)</b>	<b>(199,206,843)</b>
(Increase)/ Decrease Trade receivables	7,771,076	(6,246,688)
(Increase)/ Decrease Short-term loans and advances	(4,841,744)	1,012,379
(Increase) / Decrease in other non current asset	12,371,875	(4,216,479)
(Increase)/ Decrease in Other current assets	(4,460,454)	(1,470,726)
Increase/ (Decrease) Long-term provisions	429,832	(136,262)
Increase/ (Decrease) Trade payables	(17,830,281)	17,451,121
Increase/ (Decrease) Other current liabilities	(985,978)	220,085
Increase/ (Decrease) Short-term provisions	(1,614,488)	(2,138,920)
Net change in working capital	<b>(9,160,162)</b>	<b>4,474,508</b>
Taxes refund and Interest thereon	-	990,833
<b>Net Cash used in Operating activities (A)</b>	<b>(256,211,541)</b>	<b>(193,741,502)</b>
<b>(B) Cash Flow from Investing activities</b>		
Purchase of Fixed Assets	(3,841,935)	(5,036,288)
(Increase) /Decrease in Investment	(626,568,172)	(69,405,792)
Sale of Fixed Assets	132,875	21,975
Net gain on sale of investments	18,854,305	11,185,526
Other Income	3,254,425	6,318
Dividend Income	1,264,205	7,274,960
Interest Income	13,824,392	-
<b>Net Cash (used) / Received in Investing Activities (B)</b>	<b>(593,079,904)</b>	<b>(55,953,301)</b>
<b>(C) Cash Flow from Financial activities</b>		
Increase in Share Capital	850,000,000	250,000,000
<b>Net Cash (used) / Received in Financial Activities (C)</b>	<b>850,000,000</b>	<b>250,000,000</b>
<b>Net increase in Cash &amp; Cash Equivalents for the year (A+B+C)</b>	<b>708,556</b>	<b>305,197</b>
<b>Cash &amp; Cash Equivalents at the beginning of the period</b>	<b>801,053</b>	<b>495,856</b>
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>1,509,609</b>	<b>801,053</b>

vide our report of even date

For CR Sagdeo & Co

Chartered Accountants

Firm Regn No 108959

Suman Bose

Partner

M.No.045239

Place : Mumbai

Date : 20 April 2015

For IDBI Asset Management Limited

M S Raghavan

Chairman

DIN: 05236790

Manish Jiandani

Company Secretary

FCS 7360

Satya Narayan Baheti

Managing Director & CEO

DIN: 00136476

Anil Dhawan

CFO

FCA 096911

# IDBI Asset Management Limited

(CIN: U65100MH2010PLC199319)

## 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 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 are 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.

## 2.4 Fixed assets and depreciation:

- a) Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment. Cost includes freight, duties, taxes, and incidental expenses related to the acquisition and installation of the assets. 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.
- b) The Companies Act, 2013 has suggested certain changes in the method for the calculation of depreciation. 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 the 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. As there is change in the useful life of the assets mentioned in the new Companies Act 2013, the rate of depreciation has been revised in respect of certain assets and the impact on account of change in depreciation rate in some of the assets would be adjusted in the current financial year as well as in the remaining useful life of the asset against the respective profit/ loss of the year. Pursuant to this policy, depreciation has been provided using the following rates:



Class of Fixed Assets	Old Rate of Depreciation (In % ) - (SLM Basis)	New Rate of Depreication (In%)- SLM basis (applicable from April 01, 2014)
Furniture & Fixtures	8.33	9.50
Office Equipment	8.33	19.00
IT Hardware	33.33	33.33
Consumer durables with Employees	20.00	20.00

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

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

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

## 2.5 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.

## 2.6 Employee benefits

### Gratuity:

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

### Provident fund:

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

## 2.7 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.

## 2.8 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.

## 2.9 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.

## 2.10 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.

#### **2.11 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.

#### **2.12 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.

#### **2.13 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.

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

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

#### **2.15 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 are required to be borne by the Company as per the said regulations and such 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 2015	31 <sup>st</sup> March 2014
Employer's contribution to Provident Fund	66,33,104	61,34,207

##### a) Defined Benefit Plan

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

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

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

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

##### Change in funded benefit obligations:

	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Present value of funded benefit obligations, 1st April	87,83,127	63,89,260
Service cost	16,44,690	17,09,624
Interest cost	7,96,630	5,11,141
Benefit Paid from the Fund	(3,17,613)	-
Actuarial (Gains)/ Losses on obligation-due to change in Demographic Assumption	(1,15,094)	-
Actuarial (Gains)/ Losses on obligation-due to change in Financial Assumptions	(3,06,710)	-
Actuarial (gain)/loss on obligations	11,05,595	1,73,102
Present value of funded benefit obligations as at 31st March	115,90,625	87,83,127



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

Amount in Rupees

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Fair value of plan assets ,as at beginning of the year	77,86,695	35,98,402
Expected return on plan assets	6,77,442	3,17,613
Actuarial gain/(loss)	(2,18,869)	52,320
Employer contribution	37,07,878	38,18,360
Benefits paid	(3,17,,613)	-
Fair value of plan assets at the year end	116,35,533	77,86,695

Reconciliation of Fair Value of Assets and Obligations:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Present Value of Benefit Obligation as at the end of the period	(115,90,625)	(87,83,127)
Fair Value of Plan Assets at the end of period	116,35,533	77,86,695
Net ( Liability) / Asset recognized in the Balance Sheet	44,908	(9,96,432)

Expense recognized during the year:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Current Service Cost	16,44,690	17,09,624
Interest Cost	7,96,630	5,11,141
Expected return on plan assets	(6,77,442)	(3,17,613)
Actuarial (gain) / loss	9,02,660	1,20,782
Expenses recognized in Profit and Loss A/C	26,66,538	20,23,934

Experience Adjustments:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
(Gains) / Losses on Plan Liabilities	6,83,791	7,95,543
Gains / (Losses) on Plan Assets	2,18,869	-
Estimated Contribution for next year	15,34,505	26,41,122



Actuarial assumptions used are:-

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Discount rate	9.07%	8%
Salary escalation rate	11.90%	11%
Attrition rate	8.60%	7%
Expected return on plan assets	8.70%	8.70%

**b) Accumulated Compensated Absences:**

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

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Present value of obligation as at end of the year	59,99,480	50,56,877
Fair value of plan assets	-	-
Actuarial assumption used	-	-
Discount rate	7.98%	9.07%
Salary escalation rate	10.00%	11.90%
Cost recognized during the year	9,42,603	10,76,587

**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	
	Satya Narayan Baheti	Managing Director and Chief Executive Officer



II	Key Management Personnel	
	Satya Narayan Baheti	Managing Director and Chief Executive Officer
	Anil Dhawan	Chief Financial Officer
	Manesh Jiandani	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 Market Services Ltd	Associate Company
	IDBI In-tech Limited	Group Company
	IDBI MF Trustee Company Limited	Group Company
	IDBI Federal Life Insurance Company Limited	Group Company

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

(B) Transaction with related parties:

IDBI Bank Limited :	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Contribution to capital of the Company	58,34,00,000	25,00,00,000
Fixed Deposit	50,00,00,000	NIL
Transactions with IDBI Bank		
Expenditure Incurred:		
• Distributors Brokerage	1,75,72,695	3,71,62,356
• Office Rent	1,82,29,467	1,68,81,884
• Office Utilities - Electricity & Water	4,59,572	1,81,966
• House-keeping, Maintenance & Others etc	5,21,708	2,53,565
• Office Expenses	NIL	NIL
• Statutory Levies & Interest	1,78,788	1,80,966
• Salary of Staff on Deputation	97,11,578	1,19,56,169
• Staff Meals & Canteen Expenses	NIL	NIL
• Scheme Related Expenses	280,43,341	10,61,527
• Reimbursement of Sharing Expenses	9,62,089	NIL
Interest Received by the Company	1,38,21,822	NIL



Amount in Rupees		
IDBI Capital Market Services Limited :	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Contribution to capital of the Company	26,66,00,000	NIL
Transactions with IDBI Capital Market Services Ltd		
Expenditure Incurred:		
• Distributors Brokerage	99,715	2,52,641
• Scheme Related Expenses	37,899	NIL

Amount in Rupees		
IDBI Intech Limited:	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Transactions with IDBI Intech		
Expenditure Incurred:		
• Out Bound Sales Expenses	NIL	27,04,189
• Call center Charges	6,00,000	7,87,500
• IT& Communication services	75,90,000	73,90,000
• Outsourced Services Fees	10,44,355	NIL

Amount in Rupees		
IDBI MF Trustee Company Limited (Including the transaction with IDBI Mutual Fund)	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Transactions with IDBI MF Trustee Company Limited		
• Secretarial and Accounts Services Fees	29,62,360	27,29,558
• Management Fees	29,43,68,920	21,12,71,351

Amount in Rupees		
IDBI Federal Life Insurance Company Ltd:	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Transactions with IDBI Federal Life Insurance Company Limited		
• Group Insurance	3,65,047	3,64,502

**(C) Balances with related parties:**

Amount in Rupees		
Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
1. IDBI Bank Limited (Holding Company)		
• Creditors for Assets	14,89,125	22,54,542
• Creditors for Expenses	46,80,759	1,19,60,640
• Bank Balance/Fixed Deposit	51,67,55,063	7,96,339
• Capital Contribution	1,33,34,00,000	75,00,00,000
• Interest Due but Not Received	2,884,322	NIL
2. IDBI Capital Market Services Limited		
• Creditors for Assets	1,26,405	1,26,405
• Creditors for Expenses	6,340	7,750
• Capital Contribution	66,66,00,000	40,00,00,000
3. IDBI In-tech Limited		
• Creditors for Expenses	6,53,845	38,000
4. IDBI MF Trustee Company Limited		
• Management Fees Receivable	19,13,046	96,80,712
• Secretarial and Accounts Services Fees	2,12,586	2,15,996
5. IDBI Federal Life Insurance Company Limited		
• Other Receivable	1,37,101	71,094



(D) Summary of transactions with related parties:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Contribution to capital of the Company	85,00,00,000	25,00,00,000
Out Bound Sales Expenses	NIL	27,04,189
Call center Charges	6,00,000	7,87,500
IT& Communication services	75,90,000	73,90,000
Outsourced Service Fees	10,44,355	NIL
Distributor Brokerage	1,76,72,410	3,74,14,997
Office Rent	1,82,29,467	1,68,81,884
Office Utilities & Water	4,59,572	1,81,966
House-keeping, Maintenance & Others etc	5,21,708	2,53,565
Office Expenses	NIL	NIL
Statutory Levies & Interest	1,78,788	1,80,966
Salary of Staff on Deputation	97,11,578	1,19,56,169
Staff Meals & Canteen Expenses	NIL	NIL
Group Insurance	3,65,407	3,64,502
Scheme Related Expenses	2,80,81,230	10,61,527
Fixed Deposit with IDBI Bank (including interest)	51,09,37,500	NIL
Secretarial Fees	29,62,360	27,29,558
Management Fees	29,43,68,920	21,12,71,351

(E) Managerial Remuneration:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Salary & Allowances paid to MD& CEO	48,45,504	35,26,115

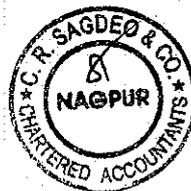
3.4 Operating lease

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.25,75,044.

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

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Not Later than One year	1,71,600	16,80,013
Later than one year but not later than five years	1,36,080	3,07,680



### 3.5 Earnings per share:

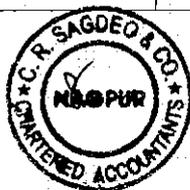
In Accordance with Accounting Standard - 20, the computation of earnings per share is set out below:

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
Net (Loss)/ Profit after tax attributable to equity shareholders(A)	(20,72,86,576)	(20,52,58,482)
Calculation of weighted average number of equity shares(B) :		
- No. of shares at the beginning of the period	11,50,00,000	9,00,00,000
- No. of shares issued during the period	85,00,000	2,50,00,000
- Total No. of shares outstanding at the period	20,00,00,000	11,50,00,000
- Nominal Value of the equity share - per share	10/-	10/-
- Paid up value of the equity share - Per share	10/-	10/-
- Weighted average no. of shares at 10/- paid up per share equivalent	14,24,79,452	10,10,27,397
Basic (loss)/ earnings per share of the face value of 10/- for the period(A)/(B)-	(1.45)	(2.03)

### 3.6 Deferred Taxes :

In accordance with Accounting Standard 22 - Accounting for taxes on Income, the major components of deferred tax as at 31st March 2015 are as follows:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
<u>Deferred Tax Asset</u>		
Gratuity	-	3,07,897
Leave Encashment	18,53,840	15,62,575
Amortization of Preliminary expenses	32,15,095	13,00,790
Amortization of Marketing & Distribution expenses	-	-
Accumulated Losses	-	-
<b>Deferred Tax Asset at the year end</b>	<b>50,68,935</b>	<b>31,71,262</b>
<u>Deferred Tax Liability</u>		
Gratuity	13,877	-
Depreciation	1,52,441	12,91,459



Amortization of Preliminary expenses		
Amortization of Marketing & Distribution expenses	53,10,941	127,06,050
Deferred Tax Liability at the year end	54,77,258	1,39,97,509
Deferred Tax Liability/ (Assets) Net	4,08,324	108,26,247

Deferred Tax Asset on accumulated brought forward business losses and un-absorbed depreciation losses have not been recognized on prudence.

### 3.7 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.

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

3.9 Contingent liabilities are as under:

Letter of Credit: Nil
During assessment 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.
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. 25.69 lacs on the Company. The Company has also filed an appeal against this assessment. No provision has been made in this regards.

3.10 Earnings in foreign exchange: NIL

3.11 Expenditure in foreign exchange: Travelling Expenses Rs.75,91,730/- (P.Y.- Rs. NIL)

3.12 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 2015	31 <sup>st</sup> March 2014
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	Nil	Nil



beyond the appointed day during the year) but without adding the interest specified under the MSMEDA		
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

### 3.13 Details of Payment to Auditors

Particulars	Amount in rupees	
	31 March' 2015	31 March' 2014
(a) Audit	2,15,000	2,00,000
(b) For taxation matters	60,000	80,000
(c) For other services	75,000	15,000
<b>Total</b>	<b>3,50,000</b>	<b>2,95,000</b>

### 3.14 Levy of penalty or additional interest by statutory body/ regulator: Nil

However, during the year, the company has deposited Rs.7,79,766/- as interest on account of deposit of VAT for the period April 01, 2012 to September 30, 2012, which was earlier claimed as set off against VAT paid on Purchase of Gold due to different interpretation of the applicable law.

### 3.15 Transfer Policy:

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.

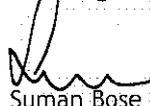
3.16 Balance of Sundry creditors and loans and advances are subject to confirmation and reconciliation/consequential adjustments if any

3.17 Figures have been rounded off to the nearest rupee.

3.18 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 10895

  
Suman Bose  
Partner

M.No.045239

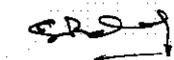


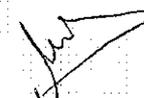
Place : Mumbai

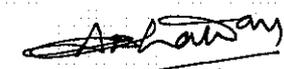
Date : 20 April 2015

For IDBI Asset Management Limited

  
M S Raghavan  
Chairman  
DIN: 05236790

  
Satya Narayan Baheti  
Managing Director & CEO  
DIN: 00136476

  
Mahesh Jiandani  
Company  
Secretary  
FCS 7360

  
Anil Drawan  
CFO  
FCA 096911