



**ANNUAL ACCOUNTS**

**OF**

**INDIA INFOLINE**

**ASSET MANAGEMENT COMPANY LIMITED**

**FY 2011-2012**

# Sharp & Tannan Associates

Chartered Accountants

87 Nariman Bhavan, 227 Nariman Point  
Mumbai (Bombay) 400 021, INDIA.

T: +91 22 6153 7500 ; 2202 2224 / 8857

F: +91 22 2202 3856

E: mumbai.office@sharp-tannan.com

W: www.sharp-tannan.com

## AUDITORS' REPORT

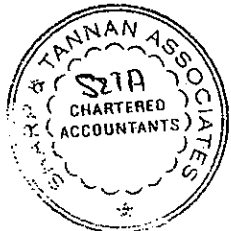
To the Members,  
**India Infoline Asset Management Company Limited**

We have audited the attached Balance Sheet of **India Infoline Asset Management Company Limited** as at 31<sup>st</sup> March 2012, the statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
  - iii) The balance sheet, the statement of profit and loss and also the cash flow statement dealt with by this Report are in agreement with the books of account;
  - iv) In our opinion, the balance sheet, the statement of profit and loss and also the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and

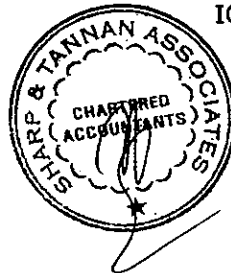


- v) On the basis of written representations received by the company from its Directors as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of the clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes to accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012;
- b. In the case of the statement profit and loss, of the loss for the year ended on that date; and
- c. In the case of the cash flow statement, of the cash flows for the year ended on that date.

Sharp & Tannan Associates  
Chartered Accountants  
ICAI Registration No.109983W  
By the hand of



  
Tirtharaj Khot  
Partner

Membership No:(F)037457

Place: Mumbai  
Date: 11<sup>th</sup> May, 2012

Annexure referred to in paragraph 1 of our report dated 11<sup>th</sup> May, 2012, to the members of **India Infoline Asset Management Company Limited**

1. (a) The company has maintained adequate records to show full particulars, including quantitative details and situation of the fixed assets.  
  
(b) The company has formulated a programme of physical verification of its fixed assets in a phased manner. In accordance with this program, a physical verification of certain fixed assets has been carried out by the management during the year and there are no material discrepancies observed between assets physically verified and book balances. In our opinion, the periodicity of verification is reasonable having regard to the size of the company and the nature of its assets.  
  
(c) The company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
2. The company is not carrying on any manufacturing or trading activity. Therefore, the provisions of sub clause (a), (b) and (c) of clause (ii) of paragraph 4 of the Order are not applicable to the company.
3. The company has neither granted nor taken any loans from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted or taken any loans, the provisions of sub clause (a), (b), (c), (d), (e), (f) and (g) of clause (iii) of paragraph 4 of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business, for the purchase of fixed assets and sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into a Register in pursuance of Section 301 of the Company Act, 1956 and those brought to our notice, have been so entered.  
  
(b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the company Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are not comparable since the prevailing market prices of such services, in view of the management, are not readily available.
6. The company has not accepted any deposits from the public of the nature which attracts the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules made there under. Therefore, the provision of clause (vi) of paragraph 4 of the Order is not applicable to the company.

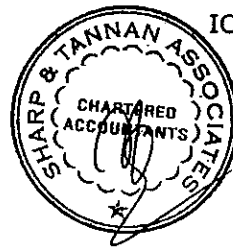


7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations given to us, in respect of the class of industry the company falls under, the maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies act, 1956. Therefore, the provision of clause (viii) of paragraph 4 of the Order is not applicable to the company.
9. (a) According to the information and explanations given to us, and as per the records of the company examined by us, in our opinion the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues with the appropriate authorities, where applicable. Based on the information furnished to us, there are no undisputed statutory dues as on 31<sup>st</sup> March 2012, which are outstanding for a period exceeding six months from the date they became payable.  
  
(b) According to the information and explanation given to us, and as per the records of the company examined by us, there are no cases of non-deposit with the appropriate authorities of disputed dues of sales tax/income tax/ customs tax/ wealth tax/ service tax/ excise duty and cess.
10. The company has been registered for a period of less than 5 years. Therefore, the provision of clause (x) of paragraph 4 of the Order is not applicable to the company.
11. As the company has not borrowed from financial institution or bank or debenture holders during the year clause 4(xi) of the order is not applicable to the company.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, the Company, in our opinion, need not maintain relevant documents and record.
13. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of sub clause (a), (b), (c) and (d) of clause (xiii) of paragraph 4 of the Order are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provision of clause (xiv) of paragraph 4 of the order is not applicable to the company.
15. The company has not granted any guarantee for loans taken by others from bank or financial institution. Therefore, the provision of clause (xv) of paragraph 4 of the order's not applicable to the company.
16. The company has not availed any term loan during the period. Therefore, the provision of clause (xvi) of paragraph 4 of the Order is not applicable to the company.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short term bases have been used for long-term investment.



18. The company has made allotment of shares to the company covered in the Register maintained under section 301 of the Companies Act, 1956. Since, the said allotment is made to the 100 % Holding Company in our opinion and according to the explanations given to us; such further allotment is not considered as preferential in nature.
19. The company has not issued any debentures during the period. Therefore, the provision of clause (xix) of paragraph 4 of the Order is not applicable to the company.
20. The company has not raised any money through a public issue during the period. Therefore, the provision of clause (xx) of paragraph 4 of the Order is not applicable to the company.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year nor have we been informed of such case by management.

Place: Mumbai  
Date: 11<sup>th</sup> May, 2012



Sharp & Tannan Associates  
Chartered Accountants  
ICAI Registration No.109983W  
By the hand of



Tirtharaj Khot  
Partner

Membership No:(F)037457

**INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2012**

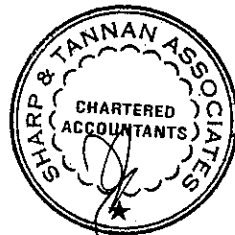
Particulars	Note No	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	1	150,000,000	125,000,000
(b) Reserves and Surplus	2	(33,242,665)	(10,344,711)
(c) Money received against share warrants		-	-
<b>Sub total</b>		<b>116,757,335</b>	<b>114,655,289</b>
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long-term liabilities		-	-
(d) Long-term provisions	3	923,061	-
<b>Sub total</b>		<b>923,061</b>	<b>-</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables	4	14,610	-
(c) Other current liabilities	5	1,729,044	114,121
(d) Short-term provisions	3	1,479,677	-
<b>Sub total</b>		<b>3,223,331</b>	<b>114,121</b>
<b>TOTAL</b>		<b>120,903,727</b>	<b>114,769,410</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	6	4,289,904	5,812,439
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
<b>Sub total</b>		<b>4,289,904</b>	<b>5,812,439</b>
(b) Non-current investments		-	-
(c) Deferred tax assets (Net)	7	-	5,145,441
(d) Long-term loans & advances	8	1,009,183	203,014
(e) Other non-current assets		-	-
<b>Sub total</b>		<b>1,009,183</b>	<b>5,348,455</b>
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	9	446,089	-
(d) Cash and Bank Balance	10	114,593,710	103,534,107
(e) Short-term loans & advances	11	564,841	74,410
(f) Other current assets		-	-
<b>Sub total</b>		<b>115,604,640</b>	<b>103,608,517</b>
<b>TOTAL</b>		<b>120,903,727</b>	<b>114,769,411</b>

As per our report attached  
For Sharp & Tannan Associates  
Chartered Accountants  
ICAI Registration No.109983W

By the hand of

Atharaj Khot  
Partner ( M. No. 37457)

Mumbai  
Dated : May 11, 2012



For India Infoline Asset Management Company Ltd

Homai Daruwalla  
Chairman

Ashutosh Naik  
Company Secretary

R. Venkataraman  
Director


**INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012**

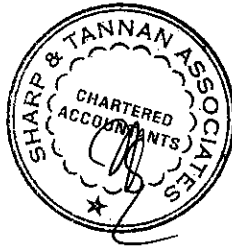
Particulars	Note No	2011-2012	2010-2011
I. Revenue from operations	12	413,820	-
II. Other Income	13	10,025,730	2,030,137
<b>III. Total Revenue (I+II)</b>		<b>10,439,550</b>	<b>2,030,137</b>
IV. Expenses :			
Employee benefit expenses	14	9,886,322	4,249,504
Finance cost	15	222,763	-
Depreciation and other amortisation expenses	6	1,548,225	1,402,335
other expenses	16	16,534,753	11,868,450
<b>Total expenses</b>		<b>28,192,063</b>	<b>17,520,289</b>
<b>V. Profit before tax (III-IV)</b>		<b>(17,752,513)</b>	<b>(15,490,152)</b>
VI. Tax expenses :			
Current tax		-	-
Deferred tax expenses		5,145,441	(5,145,441)
Short / (excess) provision for income tax		-	-
<b>Sub total</b>		<b>5,145,441</b>	<b>(5,145,441)</b>
<b>Profit (loss) for the period (V-VI)</b>		<b>(22,897,954)</b>	<b>(10,344,711)</b>
VII. Earnings per equity share {Nominal Value of Share Rs 10 Each (PY : Rs 10 Each)}	20		
(1) Basic		(1.80)	(1.00)
(2) Diluted		(1.80)	(1.00)

As per our report attached  
For Sharp & Tannan Associates

Chartered Accountants  
ICAI Registration No.109983W

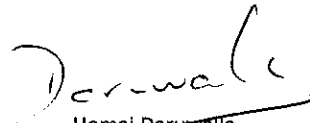
By the hand of

  
Anilraj Khot  
Partner ( M. No. 37457)




Mumbai  
Dated : May 11,2012

For India Infoline Asset Management Company Ltd

  
Homai Daruwalla  
Chairman

  
Ashutosh Naik  
Company Secretary

  
R.Venkataraman  
Director



**INDIA INFOLINE ASSET MANAGEMENT COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

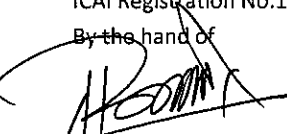
Particulars	As At March 31,2012	As At March 31,2011
<b>A. Cash flows from operating activities</b>		
Net profit before taxation and extraordinary item	(17,752,513)	(15,490,152)
Adjustments for:		
Depreciation	1,548,225	1,402,335
Provision of Gratuity	891,163	-
Provision of Leave Encashment	206,388	-
Provision for Expenses	1,305,187	-
<b>Operating profit before working capital changes</b>	<b>(13,801,550)</b>	<b>(14,087,817)</b>
<b>Changes in working Capital :</b>		
Trade receivables	(446,089)	-
Short term Loan & advances	(490,431)	(277,423)
Long term Loan & advances	(806,170)	114,121
Trade Payable	14,610	-
Other current liabilities	1,614,923	-
<b>Cash generated from operations</b>	<b>(13,914,707)</b>	<b>(14,251,119)</b>
Cash flow before extraordinary item	(13,914,707)	(14,251,119)
Net income tax(paid) / refunds	-	-
<b>Net cash from operating activities (A)</b>	<b>(13,914,707)</b>	<b>(14,251,119)</b>
<b>B. Cash flows from investing activities</b>		
Sale / (Purchase) of fixed assets (includes intangible assets)	(25,690)	(7,214,774)
<b>Net cash from investing activities (B)</b>	<b>(25,690)</b>	<b>(7,214,774)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of share capital	25,000,000	125,000,000
Proceeds from issuance of Securities Premium	-	-
<b>Net cash used in financing activities (C)</b>	<b>25,000,000</b>	<b>125,000,000</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>11,059,603</b>	<b>103,534,107</b>
<b>Reconciliation of Cash &amp; cash equivalents with the Balance Sheet:</b>		
<b>Cash and Cash Equivalents</b>		
Opening Cash on hand and balances with banks	103,534,107	-
Closing Cash on hand and balances with banks	114,593,710	103,534,107
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>11,059,603</b>	<b>103,534,107</b>

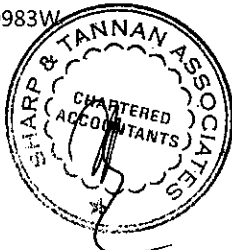
1. Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS)-3 : 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India

As per our report attached  
For Sharp & Tannan Associates

Chartered Accountants  
ICAI Registration No.109983W

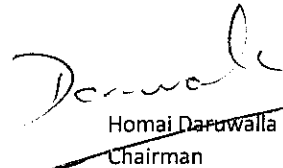
By the hand of


  
Anirharaj Khot  
Partner ( M. No. 37457)



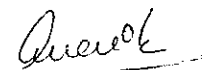
Mumbai  
Dated : May 11,2012

For India Infoline Asset Management Company Ltd

  
Homai Daruwalla  
Chairman

  
R.Venkataraman  
Director

Ashutosh Naik  
Company Secretary



**Notes to Financial Statement for the year ended 31 March 2012.**

**A. Background :**

India Infoline Asset Management Company Limited ("the Company") was incorporated on March 22, 2010. The Company is a 100% subsidiary of India Infoline Limited. The Company is registered with Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996 and the principal activity is to act as an investment manager to 'IIFL Mutual Fund'.

**B. Significant Accounting Policies:**

**a) Basis of preparation of financial statements:**

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis in compliance with all material aspects of the applicable Accounting Standards in India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

**b) Use of Estimates:**

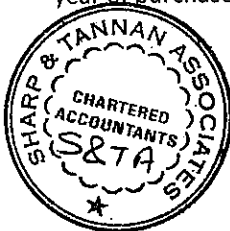
The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

**c) Fixed assets and Depreciation:**

Fixed assets are stated at cost of acquisition less accumulated depreciation thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of schedule XIV of the Companies Act, 1956, which-ever is higher. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the asset.

Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold

Individual assets / group of similar assets costing less than Rs.5,000/- has been depreciated in full in the year of purchase.



## India Infoline Asset Management Company Limited

Estimated useful life of the assets is as under	No of Years
Furniture and fixtures	5 years
Computer equipment	3 years
Software	3 years
Office equipment	5 years
Buildings	20 years

### d) Investments

Investments are classified into Current and Non –current Investments. Current Investments are stated at lower of cost or fair value of each investment individually. Non –current Investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

### e) Revenue Recognition:

Management fees from the schemes of the mutual fund are accounted on an accrual basis in accordance with the Investment Management Agreement and are dependent on the net asset value as recorded by the schemes of IIFL Mutual Fund.

Interest income is recorded on an accrual basis.

### f) Scheme Related Expenses:

#### 1. Fund Expenses:

Expenses of schemes of IIFL Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly on behalf of schemes of IIFL Mutual Fund are charged to the Profit and Loss Account.

#### 2. New Fund Offer Expenses:

Expenses relating to new fund offers of IIFL Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred

### g) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### h) Taxes on Income:

Current tax is determined as the amount payable in respect of taxable income for the period.

Deferred tax is recognised for all timing differences between accounting income & taxable income and is quantified using enacted / substantively enacted tax rates as at the Balance Sheet date. Deferred tax assets are recognised subject to the managements' judgment that the realization is virtually / reasonably certain.



## India Infoline Asset Management Company Limited

### i) Employee Benefits:

#### Long Term Employee benefits

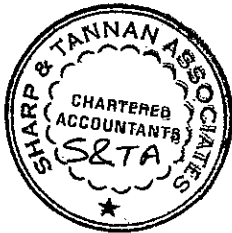
**Defined Benefit Plan:** The Company has defined benefit plan for post employment benefits in the form of Gratuity. The Company accounts for Gratuity based on an actuarial valuation which is carried out by an independent actuary as at year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognised immediately in the Profit and Loss Account as income or expense.

### j) Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 issued by Institute of Chartered Accountants of India (ICAI) on 'Earnings Per Share'. Basic earning per share is computed by dividing net profit or loss for the period by weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares excepts where the results are anti-dilutive.

### k) Preliminary Expenses

Preliminary Expenses are written off in same financial year in which they are incurred.



**India Infoline Asset Management Company Limited**

**C Notes to accounts:**

**1 Share Capital**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Numbers	Amount	Numbers	Amount
<b>SHARE CAPITAL</b>				
<b>Authorized :</b>				
1,50,00,000 Equity Shares of Rs.10/- each		15,00,00,000		15,00,00,000
<b>Issued, Subscribed and Paid Up:</b>				
1,50,00,000 (P.Y. 1,25,00,000) Equity Shares of Rs.10/- each fully paid-up		15,00,00,000		12,50,00,000

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Numbers	Amount	Numbers	Amount
Issued subscribed and Paid up at the beginning of the year	1,25,00,000	12,50,00,000	--	--
Add: Issued during the Year	25,00,000	2,50,00,000	1,25,00,000	12,50,00,000
Issued subscribed and Paid up at the End of the year	1,50,00,000	15,00,00,000	1,25,00,000	12,50,00,000

The company has only one class of shares referred to as equity shares having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share.

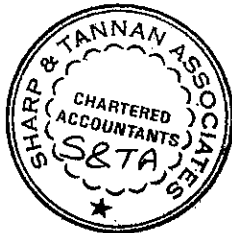
India Infoline Ltd., the holding company holds 100% of paid up share capital.

**2 Reserve and Surplus**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Numbers	Amount	Numbers	Amount
<b>Profit and Loss Account</b>				
Opening Balance		(1,03,44,711)		--
Addition Profit/(Loss) during the Year		(2,28,97,954)		(1,03,44,711)
<b>Closing Balance</b>		<b>(3,32,42,665)</b>		<b>(1,03,44,711)</b>

**3 Provisions:**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Long Term	Short Term	Long Term	Short Term
Provision for employee benefits:				
a) Provision for Gratuity	7,53,490	1,37,673	--	--
b) Provision For Leave Encashment	1,69,571	36,817	--	--
c) Provision for Expenses	--	13,05,187	--	--
<b>Total</b>	<b>9,23,061</b>	<b>14,79,677</b>	<b>--</b>	<b>--</b>



**India Infoline Asset Management Company Limited**

**4 Trade Payables**

Particulars	As at 31.03.2012	As at 31.03.2011
<b>Trade Payables :</b>		
- Outstanding dues of micro & small enterprises	--	--
- Outstanding dues of creditors other than micro & small enterprises	14,610	--
<b>Total</b>	<b>14,610</b>	<b>--</b>

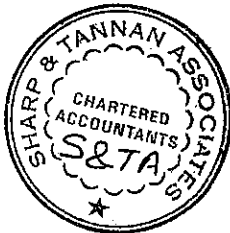
**5 Other Current Liabilities**

Particulars	As at 31.03.2012	As at 31.03.2011
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes,	2,33,412	94,746
(ii) Others : Salaries and others	14,95,632	19,376
<b>Total</b>	<b>17,29,044</b>	<b>1,14,121</b>

**6 Tangible Assets**

ASSETS	Gross Block			
	As at 31.03.2011	Additions	Deductions	As at 31.03.2012
Computer	6,97,528	--	--	6,97,528
Furniture & Fixture	62,62,500	--	--	62,62,500
Office Equipment	2,54,746	25,690	--	2,80,436
-	<b>72,14,774</b>	<b>25,690</b>	<b>-</b>	<b>72,40,464</b>
Previous Year		<b>(72,14,774)</b>		<b>(72,14,774)</b>

ASSETS	Depreciation/Amortization				Net Block	
	Upto 31.03.2011	Additions	Deductions	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
Computer	2,01,387	2,32,510		4,33,897	2,63,631	4,96,141
Furniture & Fixture	11,48,125	12,52,500		24,00,625	38,61,875	51,14,375
Office Equipment	52,823	63,215		1,16,038	1,64,398	2,01,923
-	<b>14,02,335</b>	<b>15,48,225</b>	<b>-</b>	<b>29,50,560</b>	<b>42,89,904</b>	<b>58,12,439</b>
Previous Year		<b>(14,02,335)</b>		<b>(14,02,335)</b>	<b>(58,12,439)</b>	



**India Infoline Asset Management Company Limited**

**7 Deferred tax assets (Net)**

Particulars	As at 31.03.2012	As at 31.03.2011
On Preliminary expenses	2,25,487	--
On business loss	1,00,04,096	50,39,359
On Depreciation	4,80,838	1,06,082
<b>Total</b>	<b>1,07,10,421</b>	<b>51,45,441</b>

On conservative basis company has not recognised deferred tax assets during the year.

**8 Long Term Loans and Advances**

Particulars	As at 31.03.2012	As at 31.03.2011
Advance income tax (TDS Receivable)	10,09,183	2,03,014
<b>Total</b>	<b>10,09,183</b>	<b>2,03,014</b>

**9 Trade Receivable**

Particulars	As at 31.03.2012	As at 31.03.2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment.		
Unsecured, considered good	4,46,089	--
<b>Total</b>	<b>4,46,089</b>	<b>--</b>

**10 Cash and Bank Balance:**

Particulars	As at 31.03.2012	As at 31.03.2011
Balances with banks		
In current accounts	30,03,666	17,06,984
In deposit accounts	11,08,53,735	10,18,27,123
<b>Total</b>	<b>11,45,93,710</b>	<b>10,35,34,107</b>

**11 Short Term Loans and Advances:**

Particulars	As at 31.03.2012	As at 31.03.2011
Prepaid expenses - Unsecured, considered good.	10,715	--
Balances with government authorities		
Service Tax credit receivable	5,54,126	74,410
<b>Total</b>	<b>5,64,841</b>	<b>74,410</b>

The Company does not have any contingent liability not provided for, as on the balance sheet date.

**12 Revenue from operations:**

Particulars	As at 31.03.2012	As at 31.03.2011
Sale of Services	4,13,820	--
<b>Total</b>	<b>4,13,820</b>	<b>--</b>



**India Infoline Asset Management Company Limited**

**13 Other Income:**

Particulars	As at 31.03.2012	As at 31.03.2011
Interest Income	1,00,25,730	20,30,137
<b>Total</b>	<b>1,00,25,730</b>	<b>20,30,137</b>

**14 Employee Benefit Expenses:**

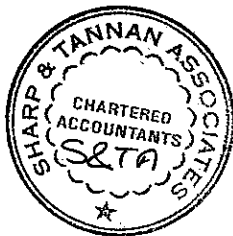
Particulars	As at 31.03.2012	As at 31.03.2011
Salaries, Wages and bonus	94,61,093	42,49,054
Contribution to provident and other funds	4,25,229	--
<b>Total</b>	<b>98,86,322</b>	<b>42,49,054</b>

**15 Finance Charges:**

Particulars	As at 31.03.2012	As at 31.03.2011
Interest Expenses on borrowings	2,22,763	--
<b>Total</b>	<b>2,22,763</b>	<b>--</b>

**16 Other Expenses:**

Particulars	As at 31.03.2012	As at 31.03.2011
Advertisement Expenses	47,68,680	--
Brokerage and Commission expenses	31,90,949	--
Communication	36,355	52,78,951
Electricity	1,35,754	47,595
Insurance	4,82,000	5,49,530
Legal and professional	21,34,255	18,51,282
Marketing and business promotion Expenses	13,15,144	--
Membership & Subscription	1,25,000	--
Miscellaneous expenses	15,233	--
Repairs and maintenance – others	2,285	--
Payments to auditors		
For Statutory Audit	50,000	10,000
For Other Services	8,500	35,524
Postage & Courier Expenses	2,23,534	--
Processing Charges Expenses	3,01,853	--
Registration Charges	5,82,984	33,81,643
Rent including lease rentals	12,19,766	7,13,925
Sitting Fees and Out of Pocket Expenses	3,82,780	--
Travelling and conveyance	15,59,681	--
<b>TOTAL</b>	<b>1,65,34,753</b>	<b>1,18,68,450</b>





**India Infoline Asset Management Company Limited**

**17 Gratuity Plan:**

Particulars	As at 31.03.2012	As at 31.03.2011
Current Service tax	--	--
Interest Cost	--	--
Actuarial (Gains)/Losses	1,54,854	--
Past Service Cost Recognized during the period (Vested & Non Vested benefits)	--	--
<b>Total</b>	<b>1,54,854</b>	<b>--</b>

**18 Segment reporting:**

In accordance with the Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, the Company has determined business segments as under. The Company's operations predominantly relates to providing Asset Management Services. It acts as an Investment Manager to schemes launched by IIFL Mutual Fund. Accordingly, the Company has recognized 'Mutual Fund' as Primary business segments.

Secondary segment reporting does not require separate disclosure as most of the activities of the Company are within India

The Company Operates from and uses the premises, infrastructure and other facilities and services as provided to it by its holding company / subsidiaries / group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly recovered in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

**19 Disclosures in respect of applicability of AS – 18 Related Party Disclosures.**

Nature of relationship	Name of party
(a) Holding Company	India Infoline Ltd
(b) Group Companies	India Infoline Commodities Limited India Infoline Finance Limited India Infoline Media & Research Services Limited India Infoline Commodities DMCC IIFL Wealth Management Limited IIFL Capital Limited India Infoline Distribution Company Limited India Infoline Insurance Services Limited India Infoline Insurance Brokers Limited India Infoline Housing Finance Limited India Infoline Trustee Company Ltd IIFL (Thane) Private Limited IIFL Energy Limited Finest Wealth managers Pvt Limited. IIFL Trustee Services Limited IIFL Realty Limited IIFL Alternate Asset Advisors limited. IIFL (Asia) Pte Limited



**India Infoline Asset Management Company Limited**

	IIFL Securities Pte Ltd IIFL Capital Pte Ltd IIFL Securities Ceylon (Pvt) Limited IIFL Capital Ceylon Limited IIFL Private Wealth Management Dubai Limited IIFL Wealth UK Ltd IIFL Inc IIFL Private Wealth Hong Kong Limited IIFL Private Wealth Mauritius Limited IIFL Private Wealth Switzerland Limited
--	---

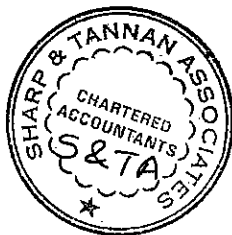
<b>c) Key Management Personnel</b>	Mr. R Venkataraman Mr. Gopinath Natrajan – Chief Executive Officer & Manager.
<b>(d) Other related parties</b>	India Infoline Venture Capital Fund

**Significant Transaction with Related Parties**

Nature of Transaction	Holding Company	Fellow Subsidiaries	Group Companies	Total
Finance (including equity contribution in cash)	2,50,00,000	--	--	2,50,00,000
	(12,50,00,000)	--	--	(12,50,00,000)
Rent Expenses	--	--	12,19,766	12,19,766
	--	--	(7,13,925)	(7,13,925)
Purchase of Fixed Assets ( Net Block)	--	--	--	--
	(8,00,221)	--	(64,14,553)	(72,14,774)
Brokerage & Commission	4,42,303	--	25,83,386	30,25,689
	--	--	--	--
Advances returned/ reimbursement of expenses	1,85,75,568		52,19,648	2,37,95,216
	-	-	--	--
Advances taken/ allocation of expenses	1,85,75,568		52,19,648	2,37,95,216
	(1,25,20,950)		(93,534)	(1,26,14,484)

**Note :**

- I) Figures in bracket represents previous year figures.
- II) Related parties are identified and certified by the management.



**India Infoline Asset Management Company Limited**

**20** Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Accounting Standard (AS) 20 'Earnings per share' as prescribed by Companies (Accounting Standard) Rules, 2006.

*(Amount in Rupees)*

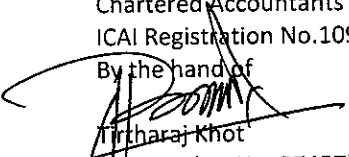
Particulars		2011-2012	2010-2011
<b>BASIC &amp; DILUTED EARNINGS PER SHARE</b>			
Profit/(Loss) after tax as per Profit and Loss account	A	(2,28,97,954)	(1,03,44,711)
Weighted Number of Shares Subscribed (no of shares)	B	1,27,05,479	1,03,45,205
Basic & Diluted EPS (Rupees)	A/B	(1.80)	(1.00)

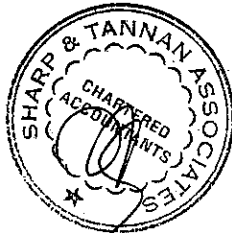
**21** Information under paragraphs 3 and 4 of part II to schedule VI of the companies Act, 1956 is stated to the extent applicable.

**22** There are no dues to micro, small and medium enterprises (MSME's) covered under Micro, Small and Medium Enterprises Development Act, 2006, which are outstanding for more than 45 days.

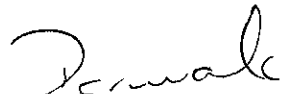
**23** Previous year figures have been re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date  
For Sharp & Tannan Associates  
Chartered Accountants  
ICAI Registration No.109983W

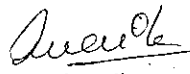
By the hand of  
  
Tirtharaj Khot  
Partner (M. No. 37457)



For India Infoline Asset Management Company Limited

  
Homai Daruwalla  
Chairman

  
R.Venkataraman  
Director

  
Ashutosh Naik  
Company secretary

Mumbai  
Dated: May 11, 2012