



# ANNUAL REPORT 2018-2019



TRUST. OUR BIGGEST ASSET.

Date of AGM: September 27, 2019

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

CIN: U65100MH2010PLC199319

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

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

#### **IDBI ASSET MANAGEMENT LIMITED**

CIN: U65100MH2010PLC199319

#### CORPORATE INFORMATION

#### **BOARD OF DIRECTORS**

Chairperson

Shri. Rakesh Sharma (06846594)
Shri. Jorty M. Chacko (08307961)
Shri. Annavarapu Venkat Rammurty (00050455)
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (05155598)
Ms. Geeta Pursappa Shetti (02948958)
Shri. Arvind Kumar Jain (07911109)

Shri. Dilip K. Mandal (003313130)

Additional Nominee Director
Independent Director
Independent Director
Independent Director
Independent Director
Managing Director & CEO

#### **AUDIT COMMITTEE**

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

#### NOMINATION AND REMUNERATION COMMITTEE(

Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (05155598)
Shri. Jorty M. Chacko (08307961)
Ms. Geeta Pursappa Shetti (02948958)
Shri. Annavarapu Venkat Rammurty (00050455)
Shri. Arvind Kumar Jain (07911109)
Independent Director
Independent Director
Independent Director
Independent Director

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (DIN: 05155598)
Ms. Geeta Pursappa Shetti (DIN: 02948958)
Shri. Annavarapu Venkat Rammurty (DIN: 00050455)
Shri. Arvind Kumar Jain (DIN: 07911109)
Shri. Dilip Kumar Mandal (DIN: 0333130)
Managing Director & CEO

Shri. Amit Bhavsar (FCA108590) Chief Financial Officer & COO

Shri. Ajit Joshi (ACS22359) Company Secretary

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

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

Statutory Auditors: M/.s MGB & Co. LLP, Peninsula Business Park, Tower B,19th Floor, Lower Parel, Mumbai - 400 013

Secretarial Auditors: M/s. Vipin Tiwari & Co., Company Secretaries, F/262/1, First Floor, Dreams The Mall, L.B.S. Marg, Bhandup (W), Mumbai - 400 078

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

# **NOTICE** OF ANNUAL GENERAL MEETING

#### **NOTICE**

**NOTICE** is hereby given that the Ninth Annual General Meeting of the member of IDBI Asset Management Limited will be held on Friday, 27<sup>th</sup> day of September, 2019 at 11.30 a.m. in the Small Conference 24<sup>th</sup> Floor, IDBI Tower, World Trade Centre Complex, Cuffe Parade, Colaba, Mumbai 400 005, to transact the following business:

#### **ORDINARY BUSINESS** –

#### Item No. 1 – *Adoption of Financial Statements*:

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019, Profit & Loss Account for the year ended on that date and the reports of the Board of Directors, Statutory Auditors and Comptroller and Auditor General of India thereon.

#### Item No. $2 - \underline{To fix the remuneration of the Statutory auditors}$ :

To consider and, if thought fit, pass with or without modification(s), the following resolution as **Ordinary Resolution**:

'RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to decide, negotiate and finalise the remuneration of the Statutory Auditors of the Company as appointed by the Comptroller and Auditor General of India (C&AG) pursuant to the provisions of Section 139(5) and other applicable provisions, if any, of the Companies Act, 2013, upto an amount as may be recommended by the Audit committee and at the discretion of the Board, for the financial year 2019-20.'

#### <u>SPECIAL BUSINESS</u> –

#### Item No. 3 – Appointment of Director and Chairman of the Board of Directors.

To consider appointment of Shri Rakesh Sharma (DIN: 06846594) as Director and Chairman of the Board of Directors of IDBI Asset Management Limited and in this regard to consider and if thought fit, pass, with or without modification(s), the following resolution as a **Special Resolution**:

'RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 as amended from time to time and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and provisions of any other guidelines issued by the relevant authorities, Shri Rakesh Sharma (DIN: 06846594), who was appointed by the Board of Directors as an Additional Director w.e.f. July 11, 2019, and who holds office up to the date of the 9<sup>th</sup> Annual General Meeting in terms of section 161(1) of the Companies Act, 2013 and in

respect of whom the Company has received a notice in writing from a member under section 160(1) of the Companies Act, 2013 proposing his candidature for the office of the Director and Chairman, be and is hereby appointed as a Director and Chairman of the Board of Directors of the Company w.e.f. the date of the 9<sup>th</sup> Annual General Meeting. Shri Rakesh Sharma will not be liable to retire by rotation.

#### Item No. 4 – Appointment of Director liable to retire by rotation.

To consider appointment of Shri Jorty Chacko (DIN: 08307961) as Director on the Board of Directors of IDBI Asset Management Limited and in this regard to consider and if thought fit, pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

'RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 as amended from time to time and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and provisions of any other guidelines issued by the relevant authorities, Shri Jorty Chacko (DIN: 08307961), who was appointed by the Board of Directors as an Additional Director w.e.f. January 11, 2019, and who holds office upto the date of the 9<sup>th</sup> Annual General Meeting in terms of section 161(1) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160(1) of the Companies Act, 2013 proposing his candidature for the office of the Director, be and is hereby appointed as a Director on the Board of Directors of the Company w.e.f. the date of the 9<sup>th</sup> Annual General Meeting. Shri Jorty Chacko will be liable to retire by rotation.

#### Item No. 5 – *Authorization of related party transactions*.

To consider and, if thought fit, pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

'RESOLVED THAT in terms of the 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 form time to time, the members of the Company hereby approve the continuation of existing contracts of the Company and further hereby authorize the Board/Audit Committee of the Board of Directors to approve and enter into contracts and arrangements with related parties including sub-delegation thereof to a Director/Committee of Directors, as it may think fit including granting of omnibus approval in compliance with the provisions of Section177 of the Companies Act, 2013, for a value not exceeding Rs. 40 crores or each contract and/or arrangement whether entered into in ordinary course of business or not and/or whether at arm's length price or not or at such price with the recommendation and approval of the Audit Committee to the Board of Directors of the Company for their approval, without any further reference to the shareholders of the Company.

**RESOLVED FURTHER THAT** the Board shall have the authority and power to accept any modification(s), 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, addition 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 members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers, herein conferred, to a Director/duly constituted committee of directors, to give effect to the aforesaid resolution.'

By the order of the Board of Directors Sd/-(Ajit Joshi) Company Secretary

Place: Mumbai

Date: September 20,2019

Registered office: IDBI Tower, World Trade Centre, Cuffe Parade, Colaba, Mumbai 400 005

#### **NOTES**:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FOURT EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

- 2. Members/Proxies/Representatives should bring the attendance slip duly filled in for attending the meeting. Only Members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting
- 3. The relevant explanatory statements pursuant to section 102(1) of the Companies Act,2013 in respect of business under item no.2 to 5
- 4. Corporate members intending to depute their authorized representative(s) to attend the meeting are requested to send certified true copy of the Board resolution authorizing the representative to attend and vote on their behalf in the Meeting.

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

#### **Item No. 2**:

The office of Comptroller and Auditor General of India (CAG) has vide their letter no./CA.V/COY/Central Government, IDBIAS(1)/102dated July 31, 2019,continued the appointment of MGB & Co., as statutory auditors of the Company for the financial year 2019-20 in terms of section 139 & 141 of the Companies Act, 2013 read with rule 4 of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

As per the Section 139 of the Companies Act, 2013, the remuneration of Auditors appointed by C& AG, shall be fixed by the Company in the Annual General Meeting. Accordingly, the Notice of the Annual General Meeting includes an item pertaining to the remuneration of MGB & Co., Statutory Auditors of the Company for the financial year 2019-20.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the resolution mentioned in Item No. 2 for the approval of the members.

#### Item no. 3:

Shri.Rakesh Sharma, Managing Director & CEO of IDBI Bank Limited has been appointed as Additional Director of IDBI Asset Management Limited with effect from July 11,2019.

He is Post graduate in Economics and a CAIIB, is a career Banker with 4 decades of Banking Experience. He started his career as a Probationary Officer with State Bank of India and worked in the areas of Retail Banking, Corporate, International Banking and Credit. He moved to Lakshmi Vilas Bank Ltd. as MD & CEO in March 2014. In September 2015 he moved to Canara Bank as MD & CEO. Presently, he is MD & CEO of IDBI Bank Ltd. since October 2018.

Shri Rakesh Sharma (DIN: 06846594) does not receive any remuneration, benefits, or commission from the Company. Also, he does not hold by himself or thorough any relative any shares in the Company

Except Shri Rakesh Sharma (DIN: 06846594), Shri Jorty M. Chacko (DIN: 08307961) being the Managing Director and Executive Director of IDBI Bank Limited respectively, Shri Dilip Kumar Mandal (DIN: 03313130), Managing Director & CEO of the Company being on deputation from IDBI Bank Limited, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, in the resolution set out at item no. 3 are for the approval of the members.

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

Shri. Jorty M. Chacko, Executive Director of IDBI Bank Limited has been appointed as Additional Director of IDBI Asset Management Limited with effect from January 11, 2019.

He is post graduate in Commerce and Associate of IIBF is a career banker with 2.5 decades of experience in commercial Banking. He has started his career in banking with Federal Bank Ltd and gained experience in branch banking, treasury and risk management. He was a dealer in treasury for 5 years and contributed handsomely to the bottom line of the Bank. On joining the erstwhile IDBI Bank Ltd as senior Manager in the year 2000 he has been handling branch banking, operations and sales management in various capacities.

At present he is Executive Director in charge of retail Banking with assignments of Retail Asset business, Credit card business and Third Party Distribution. Important positions held by him prior to this includes National Sales Head, Zonal Head South and General Manager – Business for West I (Mumbai) Zone, Head – Branch Operations etc.

Shri Jorty M. Chacko (DIN: 08307961) does not receive any remuneration, benefits, or commission from the Company. Also, he does not hold by himself or thorough any relative any shares in the Company

Except Shri Rakesh Sharma (DIN: 06846594), Shri Jorty M. Chacko (DIN: 08307961) being the Managing Director and Executive Director of IDBI Bank Limited respectively, Shri Dilip Kumar Mandal (DIN: 03313130), Managing Director & CEO of the Company being on deputation from IDBI Bank Limited, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, in the resolution set out at item no. 4 are for the approval of the members.

#### **Item No. 5**:

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

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

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

A	В	С	D	E	F
S. No.	Name of the party	Name of Director or	Nature of Relationship	Nature, material	Whether in ordinary course of
		Key Managerial Personnel who is related if any		terms, monetary value and particulars of the contract or arrangement	business and at arm's length price
1.	IDBI Capital Market & Securities Limited (Formerly known as IDBI Capital Market Services Limited) (U65990MH1993 GOI075578) — Group Company	-	Group Company	Distribution brokerage as per Board approved Compensation Structure. Total paid during FY 2018-19: Rs. 2,52,502/- /-	In ordinary course of business and at market price.
3.	IDBI Mutual Fund – MF Trust constituted under Indian Trust Act, 1882.	-	-	Management fees from IDBI Mutual Fund for managing the schemes of the Fund.	In ordinary course of business and at market price.
4.	IDBI Bank Limited (L65190MH2004 GOI148838) – Holding Company	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	To distribute Mutual Funds of IDBI Mutual Fund. To market the products of IDBI Mutual Fund through their distribution network. Total paid during FY 2018-19: 22,18,74,533/-	In ordinary course of business.
5.	IDBI Bank Limited (CIN: L65190MH2004	Shri Krishna Prasad Nair (DIN	Holding Company	Rent payable	In ordinary course of business

	GOI148838)	02611496)			and at market price.
6.	IDBI MF Trustee Company Limited (CIN:U65991MH 2010PLC199326)	-	Group Company	To recover secretarial, accounts and administration fees.	In ordinary course of business and at market price.
7.	IDBI Bank Limited (CIN: L65190MH2004 GOI148838)	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	Other Services such as  1) To provide cash management services CMS agreement dated 19 <sup>th</sup> March 2010, duration is in perpetuity unless terminated Flat charges of Rs.  25,000/- + Cheque return charges of Rs.  30/- per cheque return charges of Rs.  400/- per pick up point per month within city limits and at actual outside city limits.  2) Direct Debit Facility to collect applications of SIP from investors along with Authorization to IDBI Bank to directly debit the account of the investor for monthly/quarter ly investment in	In ordinary course of business.

Mutual Fund scheme of IDBI MF One time charge of Rs. 10/per mandate Ongoing charges of Rs.3/per transactions Cancellation charges of Rs. 10/per mandate/SI. of 3) Line Credit Facility of Rs. 1000 crore for IDBI MF 1) To provide a facility to IDBI Mutual Fund (though IDBI Asset Management Limited) of providing credit facility to meet liquidity gap on account of redemptions of debt and liquid fund schemes. Overdraft and intra day facility Rate of Interest: at **MCLR** rate payable monthly Documentation and out of pocket charges at actual Repayment on Demand 2) In built CMS

8.	IDBI Bank Limited (CIN:	Shri Krishna Prasad Nair	Holding	intra day Facility To meet intra- day mismatches Rate of Interest: MIBOR + 100bps or MCLR + 520 bps whichever is higher if it becomes intra day 3) LER - Treasury Limit LER Limit of Rs. 10 lacs Commission as decided by IDBI Treasury and Other charges at actual For the above facility to pay IDBI Bank Rs. 10 lacs upfront with applicable taxes 4) Other banking Services provided from time to time including NEFT, Demat etc. Salary to the employees on	In ordinary course of
0.			Company	•	

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

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

A	В	C	D	E	F
S. No.	Name of the party	Name of Director or Key Managerial Personnel who is related of any	Nature of Relationship	Nature, material terms, monetary value and particulars of the contract or arrangement	Whether in ordinary course of business and at arm's length price
1.	IDBI Bank Limited	Shri Krishna Prasad Nair (DIN 02611496)	Holding Company	IDBI Bank has in coordination with IDBI AMC has launched a Reward and Recognition programme for their NISM Certified Branch employees, Branch Heads and Regional Heads for FY 2018-19 titled as "Gurukul Learning Programme". This programme has been launched on 10th June 2016 till 31st March 2017.  (1) Qualification norms: a. Eligible Scheme: IDBI Top 100 Equity Fund,	In ordinary course of business.

IDBI Diversified Equity Fund, IDBI Equity Advantage Fund, **IDBI** Prudence Fund, **IDBI** Midcap Fund and any other launch of actively managed Equity fund during the FY 2016-17. b. Identification of branch staff for eligibility, as per their employee code mentioned in sub-Agent code / Branch Code of the Application. c. Branches to quote **EUIN** number on the form. To be eligible employee has to qualify in both the criteria's as in given Annexure –I. e. Only first installment of SIP will be counted in lump sum criteria. SIP f. mobilized should have a minimum period of 3 years, with

	minimum SIP	
	amount of Rs.	
	1000/	
	g. All staff in	
	this campaign	
	to be NISM	
	Certified.	
	h. For	
	Lumpsum the	
	fund should	
	remain	
	invested for	
	atleast 12	
	months, in the	
	above	
	mentioned	
	eligible	
	schemes.	
	i. No switch-in	
	within equity	
	scheme will be	
	allowed.	
	j. Switch-in	
	only from	
	IDBI Liquid	
	Fund, IDBI	
	Ultra Short	
	Term Fund	
	and IDBI	
	Short Term	
	Fund is	
	allowed into	
	actively	
	managed	
	equity	
	schemes or	
	any other fund	
	notified by	
	IDBI AMC.	
	k. Contest is	
	based on Net	
	sales model.	
	Any interim	
	redemptions	
	during the	
	contest period	
	will have	
	negative credit	
	towards	
	mobilization.	
	moonization.	

	Based on the	
	qualification	
	defined by	
	IDBI Bank in	
	consultation	
	with IDBI	
	AMC, the	
	IDBI AMC	
	shall be	
	rewarding the	
	branch staff,	
	Branch Heads	
	and Regional	
	Heads by	
	nominating for	
	a education	
	programme	
	based on their	
	qualifying	
	criteria as per	
	above levels.	
	IDBI Bank	
	shall recognize	
	their branch	
	staff, Branch	
	Heads and	
	Regional	
	Heads based	
	on their	
	qualifying	
	criteria as per	
	above levels.	
 <u> </u>		

The Company was not required to seek approval of the shareholders under the erstwhile Companies Act, 1956 for contracts entered into ordinary course of business. However, with the applicability of the Companies Act, 2013 with effect from April 01, 2014 such contracts come under purview of the Related Party Transactions and require approval of the shareholders on and from the Financial Year 2014-15 in terms of the limits prescribed under the rules as a percentage of net worth/Turnover of the Company.

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

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

PROXY FORM

#### Form No. MGT-11

#### **Proxy Form**

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

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

		al General Meeting of IDBI Asset
Management Limited to be he	eld on Friday, 27 <sup>th</sup> day of Se	ptember, 2019 at 11.30 a.m. Small
Conference 24 <sup>th</sup> Floor, IDBI	Tower, WTC Complex, Cu	ffe Parade, Colaba Mumbai - 400
005.	-	
Member's Folio	Member's/Proxy Name	Member's/Proxy Signature

**Proxy Form** 

#### Form No. MGT-11

#### **Proxy Form**

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

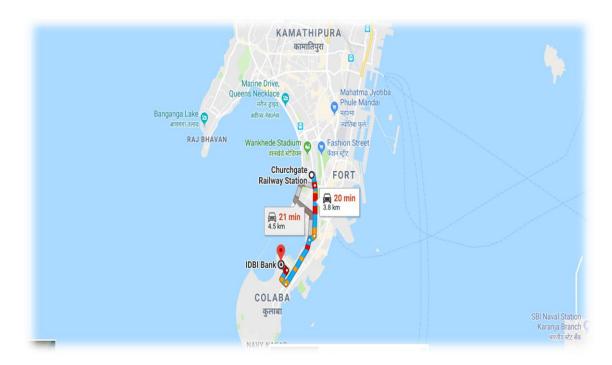
CIN		:	U65100MH2010PLC199319	
Name Compa	of the	:	IDBI ASS	SET MANAGEMENT LIMITED
	red Office	:	IDBI Tov Mumbai	ver, WTC Complex, Cuffe Parade, Colaba, 400 005.
Name member	of the rs(s)	:		
Register	red address	:		
E-mail l	(d	:		
Folio No	o/Client Id	:		
DP ID		:		
I/We, bein hereby app	g the members(s	) of		shares of the above name company,
1	Name		:	
	Address		:	
	E-mail Id		:	
	Signature		:	or failing him,
2	Name		:	
	Address		:	
	E-mail Id		:	
	Signature		:	or failing him
				,
3	Name		:	
	Address		:	
	E-mail Id		:	
	Signature		:	or failing him,

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Eighth Annual General Meeting of the Company to be held on Friday, 27th day of September, 2019 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

Resolution No.	
1	
2	
3	
4	
5	
Signed thisday of2019	Affix
	Revenue
Signature of shareholder	Stamp
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 48 hours before the commencement of the Meeting.

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



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





#### **DIRECTOR'S REPORT**

Dear Members,

The Board of Directors takes pleasure to present the **Ninth Annual Report** on the affairs of IDBI Asset Management Limited along with the audited accounts for the financial year ended March 31, 2019.

#### FINANCIAL HIGHLIGHTS AND SUMMARY

The Company's financial performance for the year ended March 31, 2019 is summarized as below:-

(Rs. in Crores)

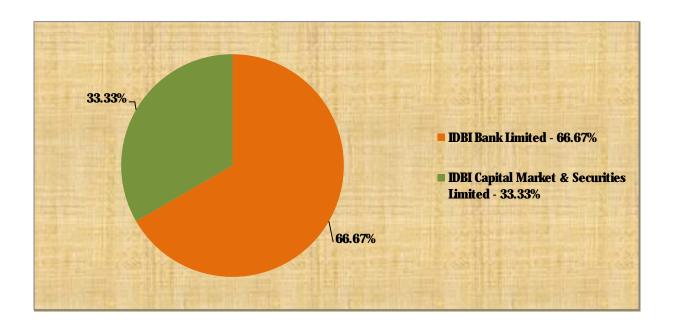
Particulars	2018-19	2017-18
Total Income	64.84	83.39
Total Expenses	57.42	74.48
Profit/(Loss) before exceptional and extra-ordinary item and tax	7.42	8.90
Extraordinary item : Add/(Subtract)	2.15	(13.72)
Profit/(Loss) before Taxation	9.57	(4.81)
Current Taxation	0.94	1
Deferred Tax : Asset/(Liability)	(12.97)	12.82
Profit/(Loss)	(4.34)	8.01
Earnings per equity share:		
Basic	(0.22)	0.40
Diluted	(0.22)	0.40

The total Asset Under Management (AUM) of IDBI Mutual Fund has declined to Rs.6,238 crores as on March 31, 2019 as against Rs. 7,241 crores as on March 31, 2018 due to decrease in Equity and Liquid AUM. The total income of your company has decreased from Rs.83.39 crores during financial year 2017-18 to Rs.64.84 crores during financial year 2018-19. Further, the Net profit has decreased from Rs.8.01 crores during the financial year 2017-18 to Net Loss of Rs.4.34 crores during the financial year 2018-19.

#### **SHARE CAPITAL**

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

The shareholding pattern of the company as on March 31, 2019 was as under:-



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

- 1) Your company was incorporated on January 25, 2010, under the Companies Act, 1956, with the principal activity to act as "Investment Manager" to IDBI Mutual Fund. Your company aims to assist the investors in making informed investment choices through mutual funds.
- 2) Your company managed 22 schemes during the year ended March 31, 2019 which consist of 12 equity fund schemes, 6 debt fund schemes, 2 hybrid fund schemes and one each FOF (Gold) and Gold ETF scheme of IDBI Mutual Fund.
- 3) The financial year 2018-19 is the ninth year of operation of your company. The total Average Assets Under Management (AAUM) during the quarter ended March 31, 2019 was Rs.9,297 crores.
- 4) Your company's revenue from operations has declined from Rs.80.03 crores (financial year 2017-18) to Rs.59.77 crores (financial year 2018-19) i.e. a decrease of 25.32%.

#### 5) New scheme launched: -

In order to widespread its operations and to offer more investment options to the investors, your company launched following schemes under **IDBI Mutual Fund** during the financial year 2018-19:

#### **IDBI Banking & Financial Services Fund:**

It is an open-ended equity scheme predominantly investing in Banking & Financial Services Sector. The objective of the scheme is to provide investors maximum growth opportunities and to achieve long term capital appreciation by predominantly investing in equity and equity related instruments of companies engaged in Banking and Financial Services Sector. However there can be no assurance that the investment objective under the scheme will be realized.

The New Fund Offer (NFO) was open from May 14, 2018 to May 28, 2018 and the fund mobilized during NFO period was Rs.178 crores.

#### **IDBI Long Term Value Fund:**

It is an open ended equity scheme following value investment strategy. The investment objective of the scheme is to generate long-term capital appreciation along with regular income by investing predominantly in equity and equity related instruments by following value investing strategy. However, there can be no assurance that the investment objective of the scheme will be realized.

The New Fund offer (NFO) was open from July 30, 2018 to August 13, 2018 the fund mobilized during NFO period was Rs.170 crores.

#### **IDBI Dividend Yield Fund**

This is an open ended equity scheme predominantly investing in dividend yielding stocks. The investment objective of the scheme is to provide long term capital appreciation and/or dividend distribution by investing predominantly in dividend yielding equity and equity related instruments. However there can be no assurance that the investment objective under the scheme will be realized.

The New Fund offer (NFO) was open from December 3, 2018 to December 17, 2018 the fund mobilized during NFO period was Rs. 116 crores.

#### **IDBI Healthcare Fund**

It is an open-ended equity scheme investing in healthcare and allied sectors. The objective of the scheme is to achieve long term capital appreciation by predominantly investing in equity and equity related instruments of companies engaged in Healthcare and Allied sectors. However there can be no assurance that the investment objective under the scheme will be realized.

The New Fund offer (NFO) was open from February 8, 2019\_to February 22, 2019 the fund mobilized during NFO period was Rs.35 crores.

#### **Business Environment**

The year 2019 was a difficult year for the economy. GDP growth for the year was slower than expected at 6.8% as against an upward revised rate of 7.2% in 2018 (source: mospi.nic.in). Though Q1 and Q2 showed strong growth of 8.2% and 7.1% respectively, off a favorable base, Q3 and Q4 were disappointing at 6.6% and 5.8% respectively. The slower growth was due to slow down in consumption (reflected in auto and consumer sales) which was exacerbated by the NBFC liquidity crisis. Several macroeconomic headwinds both domestic as well as global impacted growth during the year. These include financial tightening by the US Fed, a 22% rise in average crude oil prices, 8.5% depreciation in the rupee against the US dollar, concerns over fiscal deficit and current account deficit, slowing global growth due to US China trade wars and the run up to the state and national elections.

During the year, WPI and CPI inflation remained within RBI's expectations. This helped the RBI embark on a rate cut cycle. After a 50 bps increase in the repo rate till February 2019, the RBI embarked on a rate cut cycle with a 25 bps cut in repo in the February 2019 policy. Crude oil

prices, till October 2018, saw a sharp spike till \$85/bbl, post which there was easing due to growth concerns, to \$50/bbl in December 2018. Thereafter a cut in supply by the OPEC, combined with sanctions on Iran saw brent touch \$68/bbl by March 31, 2019.

The Government met its target for fiscal deficit of 3.4% for FY19, primarily by reducing spending, as GST collections remained below expectations. However with an increase in compliance from GST filers and a potentially stronger economy, the year FY20 is expected to see better indirect tax collections, which will help the Government achieve its FY20 guidance.

Global growth slowed down from 4% in 2017 and is expected to be 3.3% in 2019 according to the IMF. The trade war between US and China was one of the key contributors to the slowdown in global growth. The two countries are expected to resolve their differences in 2019, providing some respite to growth concerns.

After witnessing two years of strong foreign fund flows, FIIs were net sellers for the year despite a sharp reversal in flows during the months of February and March 2019. FIIs closed the year with a net outflow in equity while domestic investors (DIIs) were net buyers during the year. (source: Bloomberg).

#### **Mutual Fund Industry**

The mutual fund industry witnessed another year of growth, as on March 31, 2019, the Average Assets Under Management stood at Rs.24.58 lakh Crores (US\$ 331 billion) as compared to Rs.22.70 lakh Crores as on March 31, 2018.

The tale of Indian Mutual Fund Industry has completed its 25 years of existence in 2018 in Indian capital markets. The industry has attained a big scale in the last few years especially post demonetization.

Over the years, regulatory operating framework too have undergone a change in order to bring in more transparency and safeguard investors interest. Post the regulatory guidance on reclassification of schemes, recently the regulator has also brought in changes such as discontinuation of upfront commission, revised TER slab structure which has been revisited after a gap of more than 20 years.

Over the years, the industry has also matured and grown enough to absorb these changes. However, industry as a whole continued to focus on growing the reach to increase investor base. With all these on-going ups and downs, Indian Mutual Fund Industry continued to focus on growing retail and SIP book.

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

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

Your company was incorporated with the principal activity to act as Investment Manager to IDBI Mutual Fund *vide* Investment Management Agreement dated February 20, 2010 entered into by

IDBI MF Trustee Company Limited ("Trustees to IDBI Mutual Fund"). Your company has carried on the same business activity during the financial year 2018 -19 and there is no change in the nature of the business of the company done during the year.

#### II. <u>DIVIDEND</u>

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

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

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

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

Your company complies with the minimum net worth requirements of Rs.50 Crores as prescribed by the Securities and Exchange Board of India ("SEBI"). The net worth of your company for the year ended March 31, 2019 was Rs. 107.85 Crores.

#### V. TRANSFER TO RESERVES

Since your company has incurred net loss of Rs. 4.34 crores for the year under review, no amount has been transferred to the reserves.

#### VI. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, your company has incurred expense in foreign exchange of Rs.3,52,836/- towards overseas travelling expenses.

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

There are no material changes occurred during the financial year ended March 31, 2019 and the date of the report affecting the financial position of the company. The promoter of IDBI AMC has invited expression of interest (EOI) from potential bidders to sale entire stake in IDBI AMC. The bidding process is going on.

#### VIII. BOARD OF DIRECTORS

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

**Board of Directors** 

During the year under review, Shri Abhay Bongirwar (DIN: 00660262) has resigned from the Board due to superannuation from IDBI Bank Ltd. In his place, Shri Jorty Chacko (DIN: 08307961) was appointed as Additional Nominee Director w.e.f. January 11, 2019.

The Composition of the Board, as on March 31, 2019 was as under:

S. No.	Name of the Director	Designation	Date of Appointment	Date of Resignation
1.	Shri Krishna Prasad Nair (DIN: 02611496)	Chairman	October 28, 2016	N.A.
2.	Shri Abhay Laxman Bongirwar, (DIN: 00660262)	Nominee Director	July 30,2016	November 30,2018
3.	Shri Jorty Chacko (DIN: 08307961)	Additional Nominee Director	January 11, 2019	N.A.
4.	Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.)* (DIN: 05155598)	Independent Director	June 27, 2014	N.A.
5.	Ms. Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director	December 02, 2015	N.A.
6.	Shri Annavarapu Venkat Rammurty** (DIN: 00050455)	Independent Director	April 20, 2015	N.A.
7.	Shri Arvind Kumar Jain (DIN:07911109)	Independent Director	March 22, 2018	N.A.
8.	Shri Dilip Kumar Mandal (DIN: 03313130)	Managing Director and CEO	August 22, 2016	N.A.

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

Shri Krishna Prasad Nair, who was nominated by IDBI Bank on the Board of the company, has retired from the services of IDBI Bank Ltd w.e.f. May 31, 2019. Accordingly, IDBI Bank has nominated Shri Rakesh Sharma (DIN: 06846594) in his place as a Chairman and Director on the Board of the company. The Board in its meeting held on July 11, 2019 appointed Shri Rakesh Sharma as Additional Director and Chairman on the Board of the company. Shri Rakesh Sharma is liable to retire by rotation and he shall hold the office as Additional Director till the date of the Nineth Annual General Meeting.

#### **Key Managerial Personnel**

Shri Ajit Joshi has been appointed as a company secretary of the company with effect from January 1, 2019.

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

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

#### **Retirement by Rotation**

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

#### IX. BOARD MEETINGS HELD DURING THE YEAR

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

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

During the year under review total of Eight Board meetings were held, the details of the same are as under: -

Dates on which Board Meetings were held	Total strength of the Board	Directors present
April 21, 2018	7	6
June 25, 2018	7	6
July 31, 2018	7	7
September 24, 2018	7	6
October 30, 2018	7	6
February 21, 2019	7	6
March 7, 2019	7	7
March 29, 2019	7	7

#### ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Name of the	Attendance at the Board Meeting held on								
Director	April 21,	June 25,	July	September	October	February	March 7,	March	
	2018	2018	31,	24, 2018	30, 2018	21, 2019	2019	29, 2019	
			2018						
Shri Krishna	ü	Leave	ü	ü	ü	Leave of	ü	ü	
Prasad Nair,		of				Absence			

Chairman (DIN: 02611496)		Absence						
Shri Abhay Laxman Bongirwar, Nominee Director (DIN: 00660262)	Leave of Absence	ü	ü	ü	Leave of Absence	Not Applicab le	Not Applicab le	Not Applicab le
Shri Jorty M. Chacko Additional Nominee Director (DIN: 08307961)	Not Applicab le	Not Applicab le	Not Appli cable	Not Applicabl e	Not Applicab le	ü	ü	ü
Shri Annavarapu Venkat Rammurty, Independent Director (DIN: 00050455)	ü	ü	ü	ü	ü	ü	ü	ü
Ms Geeta Pursappa Shetti, Independent Director (DIN:0294895)	ü	ü	ü	Leave of Absence	ü	ü	ü	ü
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.), Independent Director (Retd.) (DIN: 05155598)	ü	ü	ü	ü	ü	ü	ü	ü
Shri Arvind Kumar Jain, Independent Director (DIN:0791110 9)	ü	ü	ü	ü	ü	ü	ü	ü

Shri Dilip	ü	ü	ü	ü	ü	ü	ü	ü
Kumar Mandal								
MD &CEO								
(DIN:0331313								
0)								

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

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

The Composition of the Audit Committee as on March 31, 2019 was as under: -

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

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

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

Dates on which Audit Committee Meetings were held	Total strength of the Committee	Director's present
April 21, 2018	3	3
June 25, 2018	4	4
September 24, 2018	4	3
October 30, 2018	4	4
February 21, 2019	4	4

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

#### ATTENDANCE OF DIRECTORS AT AUDIT COMMITTEE MEETINGS

Name of the Director	Attendance at the Audit Committee Meeting held on						
	April 21, 2018	June 25, 2018	September 24, 2018	October 30, 2018	February 21, 2019		
Ms Geeta Pursappa Shetti (DIN:02948958)	ü	ü	Leave of Absence	ü	ü		
Lt. Gen. (Dr.) Mukesh Sabharwal (Retd) (DIN:05155598)	ü	ü	ü	ü	ü		
Shri Annavarapu Venkat Rammurty (DIN:00050455)	ü	ü	ü	ü	ü		
Shri Arvind Kumar Jain (DIN:07911109)	Not Applicable	ü	ü	ü	ü		

#### Vigil Mechanism

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

#### XI. OTHER COMMITTEES

#### a. Nomination & Remuneration Committee: -

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

The Composition of the Nomination & Remuneration Committee as on March 31, 2019 was as under:-

S. No.	Name of the Director	Particulars	Date of Appointment
1.	Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.)* (DIN: 05155598)	Independent Director & Chairperson	June 27, 2014
2.	Ms Geeta Pursappa Shetti** (DIN: 02948958)	Independent Director	February 02, 2015
3.	Shri Annavarapu Venkat Rammurty** (DIN: 00050455)	Independent Director	April 20, 2015
4.	Shri Abhay Laxman Bongirwar (DIN: 00660262)	Nominee Director	July 30, 2016
5.	Shri Jorty M. Chacko	Additional Nominee Director	January 11,2019
6.	Shri Arvind Kumar Jain (DIN: 07911109)	Additional Independent Director	April 21, 2018

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

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

Dates on which Nomination and Remuneration Committee Meetings were held	Total strength of the Committee	Director's present
April 21, 2018	4	3
June 25, 2018	5	5
September 24, 2018	5	4
February 21, 2019	4	4
March 29, 2019	4	4

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

Name of the Director	Attendance Remuneration	e at the Nomin Committee N			
		on			
	April 21, June 25, September			February	March 29,
	2018	2018	24, 2018	21, 2019	2019

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

Lt. Gen. (Dr.) Mukesh Sabharwal (Retd.) (DIN: 05155598)	ü	ü	ü	ü	ü
Ms Geeta Pursappa Shetti (DIN: 02948958)	ü	ü	Leave of absence	ü	ü
Shri Annavarapu Venkat Rammurty (DIN: 00050455)	ü	ü	ü	ü	ü
Shri Abhay Laxman Bongirwar (DIN: 00660262)	Leave of absence	ü	ü	Not Applicable	Not Applicable
Shri Arvind Kumar Jain (DIN: 07911109)	Not Applicable	ü	ü	ü	ü

#### b. Committee of Independent Directors

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

As on March 31, 2019, the composition of the Committee of Independent Directors was as under: -

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

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

The Committee met once during the financial year 2018-19 on February 21, 2019 where all the Directors were present.

#### XII. DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

- a. In the preparation of the Annual Accounts for the year ended March 31, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b. 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.
- c. 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.
- d. that proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively.
- e. The Directors have prepared the annual accounts on a going concern basis; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

#### XIII. EXTRACT OF THE ANNUAL RETURN

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

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

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

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

#### XV. DIRECTOR'S APPOINTMENT AND REMUNERATION POLICY

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

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

#### XVI. WHISTLE BLOWER POLICY

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations, the company has established a vigil mechanism (Whistle Blower Policy) for the employees and the Directors as an avenue to voice concerns relating to unethical behaviour, actual

or suspected fraud or violation of the company's code of conduct. The Ombudsperson appointed by the Board deals with the complaints received and ensures appropriate action. The mechanism also provides for adequate safeguards against victimization of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No person was denied access to the Audit Committee.

# XVII. CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

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

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

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

Your company is an Investment Manager to IDBI Mutual Fund. Thus, the operations of the company are guided by the SEBI Regulations and directives and AMFI guidelines issued from

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

time to time. In compliance with the SEBI circular, the company has in place a policy manual on managing risks related to the business being managing the operations of IDBI Mutual Fund as per the Investment Management Agreement and is duly implemented.

# XIX. OTHER POLICIES OF THE COMPANY

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

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

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

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

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

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

## XXII. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

#### (A) Conservation of energy-

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

# (B) Technology absorption-

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

#### iv. The expenditure incurred on Research and Development: Not Applicable

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

# XXIII. STATUTORY AUDITORS

The office of Comptroller and Auditor General of India (C&AG) vide letter no. CA.V/COY/CENTRAL GOVERNMENT, IDBIAS(1)/102 dated July 31, 2019 has continued the appointment of MGB & Co., LLP, as Statutory Auditors of the company for the financial year 2019-20 in terms of Section 139 & 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

As per the Section 139 of the Companies Act, 2013, the remuneration of Auditors appointed by the office of C&AG, shall be fixed by the company in the Annual General Meeting. Accordingly, the Notice of the Annual General Meeting includes an item pertaining to remuneration of the Auditors for the year 2019-20.

#### XXIV. STATUTORY AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks made by MGB & Co., Statutory Auditors, in their report for the financial year ended March 31, 2019.

## XXV. SECRETARIAL AUDITOR'S REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, VVA & Associates, company Secretaries was appointed to conduct the Secretarial Audit of the company for the year ended March 31, 2019.

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

#### XXVI. COMPLIANCE WITH SECRETARIAL STANDARDS

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

# XXVII. DECLARATION ON CODE OF CONDUCT

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

## XXVIII. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement

showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are required to be provided as part of Director's report.

Your Directors confirm that there are no employees drawing salaries in excess of the limits set out in the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

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

## XXX. PERFORMANCE EVALUATION OF THE DIRECTORS ETC.

Pursuant to the provisions of Section 134, Schedule IV and the Rules made thereunder of the Companies Act, 2013, the evaluation process of the Board as a whole, individual Director and Board Committees for the financial year 2018-19, has been carried out.

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

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

The performance evaluation of non-independent Directors and the Board as a whole was carried out by the Independent Directors at their meeting held on February 21, 2019. The Chairman briefed the Board on the evaluation conducted at the meeting held on February 21, 2019.

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

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

## XXXII. DEPOSITS

During the financial year 2018-19, the company has neither accepted nor renewed deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and other applicable laws and as such no amount of principal or interest was outstanding as on date of the Balance Sheet.

# XXXIII. <u>SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR</u> COURTS OR TRIBUNALS

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

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

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

# XXXV. <u>DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE</u> (Prevention, PROHIBITION AND REDRESSAL) ACT, 2013

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

To achieve the same, the company has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. There was no complaint pending as on March 31, 2019.

#### XXXVI. INTERNAL CONTROL SYSTEMS

#### Management approach to Internal Control Systems:

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

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

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

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

The Audit Committee regularly interacts with the Internal Auditors and seeks their views on improvement in the essential controls followed by the company and also regularly interacts with the management to understand the steps taken by the company to address the concerns of the Auditors and ensures that suitable measures are adopted by the company. The Audit committee being a sub-set of the Board places its recommendations to the Board along with the reports of the Auditors.

#### Internal Audit Function

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

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

# Board oversight on the Internal Financial Controls

Based on the framework of internal financial controls and compliance systems established and maintained by the company, work performed by the Internal, Statutory and Secretarial Auditors and external consultants and the reviews performed by management and the Audit Committee, the Board is of the opinion that the company's internal financial controls were adequate and effective during the year ended March 31, 2019.

## XXXVII. ACKNOWLEDGEMENTS

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

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

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

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

Sd/-

Place: Mumbai (Dilip Kumar Mandal)
Date: September 20,2019 (DIN: 03313130)

**Managing Director & CEO** 

Sd/-(Rakesh Sharma)

(DIN: 06846594)

Chairman

## FORM NO. AOC 2

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

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

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

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

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

Sd/(Dilip Kumar Mandal) (Rakesh Sharma)
Managing Director & CEO Chairman

DIN: 03313130 DIN: 06846594

#### Annexure

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

#### **Terms & conditions**

- The rate defined in the structure would be applicable for lump sum as well as SIP, STP investments. For Systematic Transactions, respective scheme commission structure will be applicable.
- All Brokerages/Incentives are gross & inclusive of all statutory levies including service tax & education cess. Net Amount after deducting the statutory levies will be paid to the distributor. The service tax will be deducted from the brokerage payout at the time of payment.
- Trail brokerage is payable monthly.
- Recovery of Distribution incentive Paid: Upfront incentive (inclusive of any promotional incentive) paid to the Distributor is being recovered in the following manner:
  - The upfront incentive paid to a Distributor will be recovered from the Distributor, if the money (for which such distribution incentive was paid) is redeemed (change in the broker code shall be considered as redemption) before the completion of one year from the date of allotment of units (specified period) for such scheme/ investment.
  - The Recovery will be made on a pro-rata basis, depending upon the number of days for which the investment has stayed invested in the fund before being redeemed within the specified period.
  - o No. of days will be considered for the computation of the recoveries wherever the specified period are mentioned in 1 year as 365 days respectively.
  - o For redemptions within the specified period, the recovery of the brokerage will be equal to distribution incentive paid x (No. of days for the specified period No. of days the monies have stayed in the funds) / (No. of days for the specified period).
  - O RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL
- On triggered SIPs/STPs, rate existing at the time of SIP/STP registration will be applicable.
- IDBI Asset Management Ltd. reserves the rights to change /modify/discontinues/ withhold the rates and slabs mentioned at its sole discretion without any prior intimation or notification or in case of
- Regulatory Changes / Change in Industry practices in respect to payment of Brokerages. The AMC, its employees or Trustees shall not be responsible for any losses incurred by anyone due to change or errors in the brokerage structure.
- The brokerage structure mentioned herein is solely payable to AMFI certified & KYD complied distributors empanelled with us.
- Trail rate mentioned may change in case of any change in SEBI/AMFI regulations or cost structure.
- No upfront brokerage will be payable for intra-scheme switches.

- The rules and regulations of SEBI / AMFI pertaining to brokerage payment to distributors will also be applicable for payment of the contest incentive. The distributor shall adhere to SEBI circular dated 26th June, 2002 on code of conduct and ensure that no rebate is given to investors in any form.
- All distributors should abide by the code of conduct and rules/regulations laid down by SEBI & AMFI.
- Mutual Fund investments are subject to market risks. Please read the scheme documents carefully. Please read the Statement of Additional Information (SAI) and Scheme Information Document (SID) to confirm the scheme details and refer to our website www.idbimutual.co.in, for any further details.
- The brokerage/commission/remuneration structure is subject to the terms and conditions mentioned in the distributor agreement and or/Empanelment Form, as may be amended from time to time.
- Please note that commission will be withheld if the total commission payable is less than Rs 100/-. Such commission will be paid in the subsequent payment cycle provided if the commission amount exceeds Rs 100/-.
- Kindly ensure to mention the EUIN along with ARN code in all the Application Forms/ Transaction slip in the designated space. If the transaction is execution only, please arrange for the investor's signature in the designated space for EUIN declaration.
- As per AMFI circular ref. CIR/ ARN-13/11-12 dated October 14, 2011, the payment of commission (upfront/trail) accrued after the expiry of ARN is to be suspended till renewal of ARN. No commission shall be paid for new business procured during the suspended period of ARN. In case ARN is not renewed within 6 months of expiry, the entire commission accrued will be written off. Also commissions will be suspended if distributors do not furnish self-declaration certificate within 3 months of the end of the financial year. Kindly refer the circular for more details.
- Additional Terms & Conditions for B15 cities
- B15 incentive is payable upfront for single applications less than or equal to Rs.2 Crores. For single applications exceeding Rs.2 crores, B15 incentive will be paid in 12 monthly equal installments.
- The AMC reserves the right not to pay Commission/Incentive on assets mobilized through multiple / split applications from the same investor where such arrangement is made with an intention to benefit from incentive structure.
- Top 15 cities refer to Top 15 Cities provided by AMFI & beyond 15 cities refer to all the cities beyond the Top 15 cities. The list of Top 15 cities are:
- Ahmedabad, Bangalore, Baroda, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai (Including Thane & Navi Mumbai), New Delhi
- (including NCR), Panjim, Pune and Surat
- B15 incentive will be payable on the applications procured from residents of all the cities beyond the Top 15 cities as per Pin code Master circulated by AMFI from time to time.
- Identifying and tagging of a transaction as B15 transaction will be at the sole discretion of AMC and as per the guidelines and list of Pin codes issued by SEBI and/or AMFI from time to time.
- Applications procured from eligible Foreign Institutional Investors business will not be eligible for B-15 incentive.
- Recovery of Additional incentive Paid: Recovery of additional incentive paid to the distributor is being introduced in the following manner:

- o The additional incentive paid to a distributor will be recovered in full from the distributor, if the investment (for which such additional incentive was paid) is redeemed before the completion of one year (365 days) of such investment.
- o The Recovery will be made from the brokerage payable to the distributor for the month in which redemption has been made. E.g. If the redemption has been made in the month of July '15, the recovery will be made from the Brokerage payable for the month of Aug '15.
- o In case the Brokerage payable to the distributor is insufficient to cover the recovery amount, the recovery will be tried for three consecutive months.
- In case the recovery is still not possible, a demand notice will be sent to the distributor asking him to refund the money to the AMC. In case the distributor does not pay the money within 1 month from the date of the receipt of the notice, the AMC will approach AMFI for the resolution of the same or initiate the required corrective action including legal proceedings as it may deem fit.
- RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL

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#### FORM NO. AOC 2

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

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

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

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

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

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

DIN: 03313130

Sd/-(Rakesh Sharma) Chairman DIN: 06846594

#### FORM NO. AOC 2

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

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

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

S. No.	Particulars	Details		
1.	Name(s) of the related party and	IDBI Bank Limited		
	nature of relationship.	(L65190MH2004GOI148838) – Holding		
		Company		
2.	Nature of	To distribute the schemes of IDBI Mutual		
	contracts/arrangements/transactions.	Fund. To market the products of IDBI		
		Mutual Fund through their distribution		
		network.		
3.	Duration of the	The transactions are done on a regular		
	contracts/arrangements/transactions.	basis based on the applications received,		
		commissions are paid on upfront as well		
		as trail basis at the rates which are		
4		determined on a quarterly basis.		
4.	Salient terms of the contracts or arrangements or transactions	As per Annexure.		
	arrangements or transactions including the value, if any.			
5.	Date of approval by the Board.	April 20,2015, June 27,2015,		
J.	October 28, 2015 and December 30,2015.			
6.	Amount paid as advances, if any.	NIL		
7.	Justification for entering into the	IDBI Bank Limited is an AMFI		
7.	contracts/arrangements/transactions.	registered Mutual Fund Distributor.		
	g	Further, IDBI Bank Limited has more		
		than 1800 branches in India. In order to		
		tap the clients of IDBI Bank Limited, to		
		provide an additional bouquet of		
		investment as part of financial inclusion		
		and to have a wider publicity for the		
		schemes of IDBI Mutual Fund, IDBI		
		Bank Limited was empanelled amongst		
		other Distributors. The company has		
		empanelled more than 7002 distributors.		

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

Sd/- Sd/-

(Dilip Kumar Mandal) (Rakesh Sharma)
Managing Director & CEO Chairman

DIN: 03313130 DIN: 06846594

#### **Annexure**

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

#### **TERMS & CONDITIONS**

- The rate defined in the structure would be applicable for lump sum as well as SIP, STP investments. For Systematic Transactions, respective scheme commission structure will be applicable.
- All Brokerages/Incentives are gross & inclusive of all statutory levies including service
  tax & education cess. Net Amount after deducting the statutory levies will be paid to
  the distributor. The service tax will be deducted from the brokerage payout at the time
  of payment.
- Trail brokerage is payable monthly.
- Recovery of Distribution incentive Paid: Upfront incentive (inclusive of any promotional incentive) paid to the Distributor is being recovered in the following manner:
- The upfront incentive paid to a Distributor will be recovered from the Distributor, if the money (for which such distribution incentive was paid) is redeemed (change in the broker code shall be considered as redemption) before the completion of one year from the date of allotment of units (specified period) for such scheme/investment.
- The Recovery will be made on a pro-rata basis, depending upon the number of days for which the investment has stayed invested in the fund before being redeemed within the specified period.
- No. of days will be considered for the computation of the recoveries wherever the specified period are mentioned in 1 year as 365 days respectively.
- For redemptions within the specified period, the recovery of the brokerage will be equal to distribution incentive paid x (No. of days for the specified period No. of days the monies have stayed in the funds) / (No. of days for the specified period).
- RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL.
- On triggered SIPs/STPs, rate existing at the time of SIP/STP registration will be applicable.
- This attached brokerage structure is applicable for the period 1st July, 2015 to 30th September 2015. IDBI Asset Management Ltd. reserves the rights to change /modify/discontinues/ withhold the rates and slabs mentioned at its sole discretion without any prior intimation or notification or in case of
- Regulatory Changes / Change in Industry practices in respect to payment of Brokerages. The AMC, its employees or Trustees shall not be responsible for any losses incurred by anyone due to change or errors in the brokerage structure.
- The brokerage structure mentioned herein is solely payable to AMFI certified & KYD complied distributors empanelled with us.

- Trail rate mentioned may change in case of any change in SEBI/AMFI regulations or cost structure.
- No upfront brokerage will be payable for intra-scheme switches.
- The rules and regulations of SEBI / AMFI pertaining to brokerage payment to distributors will also be applicable for payment of the contest incentive. The distributor shall adhere to SEBI circular dated 26th June, 2002 on code of conduct and ensure that no rebate is given to investors in any form.
- All distributors should abide by the code of conduct and rules/regulations laid down by SEBI & AMFI.
- Mutual Fund investments are subject to market risks. Please read the scheme documents carefully. Please read the Statement of Additional Information (SAI) and Scheme Information Document (SID) to confirm the scheme details and refer to our website www.idbimutual.co.in, for any further details.
- The brokerage/commission/remuneration structure is subject to the terms and conditions mentioned in the distributor agreement and or/Empanelment Form, as may be amended from time to time.
- Please note that commission will be withheld if the total commission payable is less than Rs 100/-. Such commission will be paid in the subsequent payment cycle provided if the commission amount exceeds Rs 100/-.
- Kindly ensure to mention the EUIN along with ARN code in all the Application Forms/ Transaction slip in the designated space. If the transaction is execution only, please arrange for the investor's signature in the designated space for EUIN declaration.
- As per AMFI circular ref. CIR/ ARN-13/11-12 dated October 14, 2011, the payment of commission (upfront/trail) accrued after the expiry of ARN is to be suspended till renewal of ARN. No commission shall be paid for new business procured during the suspended period of ARN. In case ARN is not renewed within 6 months of expiry, the entire commission accrued will be written off. Also commissions will be suspended if distributors do not furnish self-declaration certificate within 3 months of the end of the financial year. Kindly refer the circular for more details.
- Additional Terms & Conditions for B15 cities.
- B15 incentive is payable upfront for single applications less than or equal to Rs. 2 crores. For single applications exceeding Rs. 2 crores, B15 incentive will be paid in 12 monthly equal installments.
- The AMC reserves the right not to pay Commission/Incentive on assets mobilized through multiple / split applications from the same investor where such arrangement is made with an intention to benefit from incentive structure.
- Top 15 cities refer to Top 15 Cities provided by AMFI & beyond 15 cities refer to all the cities beyond the Top 15 cities. The list of Top 15 cities are: Ahmedabad, Bangalore, Baroda, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai (Including Thane & Navi Mumbai), New Delhi
- (including NCR), Panjim, Pune and Surat
- B15 incentive will be payable on the applications procured from residents of all the cities beyond the Top 15 cities as per Pin code Master circulated by AMFI from time to time.

- Identifying and tagging of a transaction as B15 transaction will be at the sole discretion
  of AMC and as per the guidelines and list of Pin codes issued by SEBI and/or AMFI
  from time to time.
- Applications procured from eligible Foreign Institutional Investors business will not be eligible for B-15 incentive.
- Recovery of Additional incentive Paid: Recovery of additional incentive paid to the distributor is being introduced in the following manner:
- The additional incentive paid to a distributor will be recovered in full from the distributor, if the investment (for which such additional incentive was paid) is redeemed before the completion of one year (365 days) of such investment.
- The Recovery will be made from the brokerage payable to the distributor for the month in which redemption has been made. E.g. If the redemption has been made in the month of July "15, the recovery will be made from the Brokerage payable for the month of Aug "15.
- In case the Brokerage payable to the distributor is insufficient to cover the recovery amount, the recovery will be tried for three consecutive months.
- In case the recovery is still not possible, a demand notice will be sent to the distributor asking him to refund the money to the AMC. In case the distributor does not pay the money within 1 month from the date of the receipt of the notice, the AMC will approach AMFI for the resolution of the same or initiate the required corrective action including legal proceedings as it may deem fit.
- RECOVERY OF THE DISTRIBUTION INCENTIVE OR ADDITIONAL INCENTIVE WILL BE AT THE ARN LEVEL AND NOT THE SCHEME LEVEL.

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#### FORM NO. AOC 2

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

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

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

S. No.	Particulars	Details
1.	Name(s) of the related	IDBI Bank Limited (L65190MH2004GOI148838) – Holding
	party and nature of	Company
	relationship.	
2.	Nature of	Office space at 9 locations to employees of IDBI AMC on
	contracts/arrangemen	leave and License basis. Office Space is being provided to
	ts/ transactions.	employees within the office premises of IDBI Bank.
3.	<b>Duration</b> of the	The contracts are entered on a perpetual basis subject to
	contracts/	termination by either party
	arrangements/	
	transactions.	
4.	Salient terms of the	Rent payable as and when raised by IDBI Bank Limited for 9
	contracts or	locations for the F.Y. 2017-18 is Rs.2,29,165/
	arrangements or	
	transactions including	
	the value, if any.	
5.	Date of approval by	April 20, 2015. (in existence prior to commencement of
	the Board.	Companies act 2013)
6.	Amount paid as	NIL
	advances, if any.	
7.	<b>Justification</b> for	IDBI Bank Limited has more than 1800 branches in India. In
	entering into the	order to create synergy between the businesses of two
	contracts/arrangemen	Companies The Mission of the Company is to promote
	ts/transactions.	Financial inclusion by assisting the common man in making
		informed investment choices, through mutual funds and thus
		bring to them, the prosperity of the capital markets. Thus it
		was felt that operating from the IDBI Bank premises would
		yield better results and help the Company in increasing its
		business reach to niche clients of the bank at Arm's length
		basis. The rent charged by IDBI Bank is as per market
		valuation done by the Bank.

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

Sd/-Sd/-(Dilip Kumar Mandal) (Rakesh Sharma) **Managing Director & CEO** 

DIN: 03313130

Chairman DIN: 06846594

#### FORM NO. AOC 2

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

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

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

S. No.	Particulars	Details
1.	Name(s) of the related party and nature of relationship.	IDBI MF Trustee Company Limited (CIN: U65991MH2010PLC199326) — Group Company.
2.	Nature of contracts/arrangements/transactions.	To recover Secretarial accounts and Administration fees.
3.	Duration of the contracts/arrangements/ transactions.	The Board of IDBI MFT has approved the said policy in its meeting specifying the percentage and manner of recovering the said service charges.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any.	Certain common expenses incurred by Asset Management Limited ("IDBI AMC") such as Rent, Electricity, Maintenance relating to Mumbai office premises and also a portion of salary expenses for the services rendered by IDBI AMC.  Out of the above common expenses we charge 5% to MF Trustee Company Limited.  The IDBI AMC officials take care of the work relating to secretarial matters, conducting of meetings, ROC work, accounts/tax matters, SEBI compliance etc. IDBI AMC is charging 1% of salary expenses.
5.	Date of approval by the Board.	October 22, 2013.
6.	Amount paid as advances, if any.	NIL
7.	Justification for entering into the contracts/arrangements/transactions.	IDBI MF Trustee Company Limited is a group Company within the 3 tier Structure of IDBI Mutual Fund and is a wholly

owned subsidiary of IDBI Bank Limited. The Company does not have employees on its rolls and hence the day to day operations of the said Company is managed by the employees of IDBI AMC from their office located at 4<sup>th</sup> Floor, IDBI Tower, Cuffe Parade, Colaba Mumbai 400005. Thus in order to maintain arm's length relationship with the Company, it was felt to recover a certain percentage of expenses as fees for main areas of services.

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

Sd/- Sd/-

(Dilip Kumar Mandal) (Rakesh Sharma)
Managing Director & CEO Chairman

DIN: 03313130 DIN: 06846594

# VIPIN TIWARI & CO. COMPANY SECRETARIES

# FORM NO. MR.3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 [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,
IDBI ASSET MANAGEMENT LIMITED
IDBI TOWER, WTC Complex, Cuffe Parade,
Colaba, Mumbai – 400005

I, Vipin Mahendra Kumar Tiwari, Practising Company Secretary have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IDBI ASSET MANAGEMENT LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 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:

- 1. I, have examined the books, papers, minute books, forms and returns filed and other records maintained by IDBI ASSET MANAGEMENT LIMITED ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period);

Office Add: - F/262/1, First Floor, Dreams The Mall, L.B.S. Marg, Bhandup (W), Mumbai – 78
Contact: - 9653362726 / 9892470712

Tel No.: - 022 4120 1837; Eimail: - pcsinfo01@gmail.com

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act).
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not Applicable to the Company during the audit period);
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the audit period)
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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



# I further report that:

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

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

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

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

Date: - 16<sup>th</sup> August, 2019

Place: - Mumbai

For Vipin Tiwari & Co.
Company Secretaries

in Mahendra Kumar Tiwari Proprietor Membership No. A40765,

CP No. 17328

#### Note: -

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit
- The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- I have also obtained the Management representation / Clarifications, wherever required, about the compliance of laws, rules and regulations and happening of events etc.

#### **CONTINUATION SHEET**

 The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management and my examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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भारतीय लेखापरीक्षा और लेखा विभाग कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य, लेखापरीक्षा बोर्ड - I, मुम्बई



# INDIAN AUDIT AND ACCOUNTS DEPARTMENT OFFICE OF THE DIRECTOR GENERAL OF COMMERCIAL AUDIT AND EX-OFFICIO MEMBER, AUDIT BOARD-I, MUMBAI

गोपनीय/शीघ्र डाक

संख्याः जीए/सीए ।।।/आयडीबीआय असेट /लेखा/2018-19/157

सेवा में, निदेशक.

17/09/2019

आयडीबीआय असेट मैनजमेंट लिमिटेड, आयडीबीआय टॉवर, डब्लुटीसी कॉम्पलेक्स, कफ परेड, म्ंबई -400005

विषयः 31 मार्च 2019 को समाप्त वर्ष हेतु आयडीबीआय असेट मैनजमेंट लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

31 मार्च 2019 को समाप्त वर्ष हेतु आयडीबीआय असेट मैनजमेंट लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6)(बी) के अंतर्गत भारत के नियत्रंक एवं महालेखापरीक्षक के द्वारा दी गई टिप्पणियाँ इस पत्र के साथ संलग्न हैं। टिप्पणियों को मुद्रित वार्षिक प्रतिवेदन के विषयसूची में उचित संकेत सहित सांविधिक लेखापरीक्षक के प्रतिवेदन के आगे रखा जाये।

वार्षिक सामान्य बैठक के समापन के पश्चात, वित्तीय विवरणों, सांविधिक लेखापरीक्षक का प्रतिवेदन तथा भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों को अपनाते हुए सामान्य वार्षिक बैठक की कार्यवाही की एक प्रतिलिपि इस कार्यालय को अविलंब अग्रेषित की जाए। मुद्रित वार्षिक रिपोर्ट की दस प्रतियाँ भी इस कार्यालय को भेजी जायें।

कृपया इस पत्र एवं संलग्नकों की प्राप्ति की सूचना दें।

(रूप राशि)

महानिदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य,लेखापरीक्षा बोई -।, म्ंबई

संलग्नः यथोपरि।

Admin: 26520873 • Report : 26502843 •

Fax: 26527165 •

ई-मेल : mabMumbai1@cag.gov.in

E-mail: mabMumbai1@cag.gov.in

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 2019

The preparation of Financial Statements of IDBI Asset Management Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 23 April 2019.

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 do not look 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 2019 under section 143(6)(a) of the Act.

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

(Roop Rashi)

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

Place: Mumbai

Date: 17 September 2019

Statutory Auditor's Report & Financial Statement



#### **Independent Auditor's Report**

To the Members of IDBI Asset Management Limited

#### Report on the audit of financial statements

#### 1. Opinion

We have audited the accompanying financial statements of **IDBI Asset Management Limited** ('the Company'), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

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 31 March 2019, and its loss, and its cash flows for the year ended on that date.

# 2. Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) prescribed under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report along with annexures, and the Secretarial Audit Report but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report on financial statements of IDBI Asset Management Limited - 31 March 2019

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chartered accountants

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance.

#### 4. 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 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 and the Companies (Accounting Standards) Amendment Rules, 2016.

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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### 5. Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due
to fraud or error, design and perform audit procedures responsive to those risks, and obtain
audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of
not detecting a material misstatement resulting from fraud is higher than for one resulting from
error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
override of internal control.

Rage 2 of 11



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### 6. Other Matters

The financial statements of the Company for the year ended 31 March, 2018 were audited and reported by another firm of Chartered Accountants CR Sagdeo & Co vide their report dated 21 April 2018. The Balance Sheet as at 31 March, 2018 as per the audited financial statements, regrouped or restated where necessary have been considered as opening balances for the purpose of these financial statements. Our opinion is not modified

ENANTERED ASCOUNTANTS

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# 7. Report on other Legal and Regulatory requirements

- I. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of Section 143(11) of the Act ("the Order"), 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 explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
- II. We are enclosing report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B" on the directions and sub directions issued by the Comptroller and Auditor General of India.
- III. As required by Section143(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 statement of cash flows 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - e) On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act regarding managerial remuneration are not applicable to the Company being a government company as defined under section 2(45) of the Companies Act, 2013 as per MCA circular no. G.S.R. 463 (E) dated 5 June 2015 under serial no. 28.

Independent Auditor's Report on financial statements of IDBI Asset Management Limited - 31 March 2019

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- 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 the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses; and
  - iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year.

For MGB & Co. LLP

Chartered Accountants

/mnRegistration Number: 101169W/W-100035 ີ

Sanjay Kotha

Partner

Membership Number 048215

Mumbai, 23 April 2019



# Annexure - A to the Independent Auditor's Report

Annexure referred to in paragraph 7(I) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of IDBI Asset Management Limited on the financial statements for the year ended 31 March 2019

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations, given to us, no discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable property and hence clause i (c) of the Order is not applicable.
- ii. Considering the nature of business, Clause (ii) of the Order is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has neither given any loans/ guarantees nor provided any security. In respect of investments made, the Company has complied with the provisions of Section 186 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act.
- vi. According to information and explanation given to us, the Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the activities carried on by of the Company.
- vii. According to the records of the Company examined by us and information and explanations given to us:
  - a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and others as applicable have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2019 for a period of more than six months from the date they became payable.





b) There are no amounts on account of income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise or value added tax outstanding as at 31 March 2019 which are yet to be deposited on account of any dispute except as stated under.

Name of the Statues	Nature of Dues	Period to which amount relate	Amount in Rs ( lakhs)	Forum where dispute is pending
MVAT Act	VAT	FY 2011-12	28.34	Joint Commissioner of Sales Tax Appeals

- "The Income tax department has disallowed certain expenditures thereby reducing the losses and initiated penalty proceedings u/s 271(1)(c). However no demand has been raised.
- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not taken any loans or borrowings from bank / financial institution / Government or issued debentures during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x. 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 explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.
- xi. According to the records of the Company examined by us, and information and explanations given to us, the provisions of Section 197 read with Schedule V to the Act regarding managerial remuneration are not applicable to the Company being a government company as defined under section 2(45) of the Companies Act, 2013 as per MCA circular no. G.S.R. 463 (E) dated 5 June 2015 under serial no. 28. Accordingly, para 3(xi) of the Order does not apply to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the records of the Company examined by us, and information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the records of the Company examined by us, and information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him.

EOQ CITATED LABOURANTS



xvi. According to the information and explanations given to us, the Company is in the business of management of various mutual fund schemes of IDBI Mutual Fund and deals or trades in securities for and on behalf of IDBI Mutual Fund and therefore the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For MGB & Co. LLP

**Chartered Accountants** 

Firm Registration Number: 101169W/W-100035

Sanjay Kothari

Partner

Membership Number 048215

Mumbai, 23 April 2019



# Annexure B to the Independent Auditors Report

chartered accountants

Referred to in our report of even date to the members of the IDBI Asset Management Limited on the accounts for the year ended 31 March, 2019

SI No	Directions u/s 143 (5) of the Companies Act, 2013	Auditors' reply on action taken on the directions	Impact on the financial statement
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanation given to us, the Company has system in place to process all the accounting transactions through IT system	Nil
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated	explanations given to us, there are no cases of waiver/ write off of debts/ loans/ interest etc. The	
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	explanation given to us, the Company has not received any	

For MGB & Co. LLP

Chartered Accountants

irm Registration Number 101169W/W-100035

Sanjay Kethaff

Partner

Membership Number 048215

Mumbai, 23 April 2019

CHARITEGED ACCOUNTANTS



# Annexure - C to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act as referred to in paragraph 7 (III)(f) under "Report on other Legal and Regulatory requirements" of our report of even date to the members of IDBI Asset Management Limited on the financial statements for the year ended 31 March 2019

We have audited the internal financial controls over financial reporting of **IDBI Asset Management Limited** ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

# Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



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# Meaning of Internal Financial Controls over Financial Reporting

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

# Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

# Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For MGB & Co. LLP

Chartered Accountants

Airm Registration Number: 101169W/W-100035

Sanjay Kethari

Partner

Membership Number 048215

Mumbai, 23 April 2019

(CIN: U65100MH2010PLC199319)

BALANCE SHEET as at 31st March 2019

Amount in Rupees

		I	2040	Amount in Rupees
***************************************		Note	2019	2018
Equity and Liabilities				
Shareholder's Funds				
Share capital		1	2,00,00,00,000	2,00,00,00,000
Reserves and surplus		2	(91,90,54,052)	(87,56,46,736)
Money received against share warrants	!		•	-
Share application money pending allotment			•	
•			1,08,09,45,948	1,12,43,53,264
Non-current liabilities		ĺ		
Deferred tax liabilities (Net)	:		•	-
Long-term provisions		3	30,88,050	22,86,331
Other Long Term Liabilities		4 [	-	2,85,820
	•		30,88,050	25,72,151
Current liabilities				
Trade payables		5	35,96,539	6,70,47,476
Other current liabilities	•	6	8,10,53,559	6,64,53,171
Short-term provisions	•	7 [	47,94,154	40,69,649
			8,94,44,252	13,75,70,296
	Total		1,17,34,78,250	1,26,44,95,711
Assets				
Non-Current Assets				
Property, Plant and Equipment		8	52,30,257	69,56,085
Intangible assets		9	24,26,223	34,05,426
			76,56,480	1,03,61,511
Non-current investments		10	31,11,75,174	29,16,64,484
Deferred tax Asset (Net)		22(3.7)	14,73,55,469	27,71,07,861
Long-term loans and advances		11	72,59,788	1,10,62,327
Other non-current assets			-	-
			46,57,90,431	57,98,34,672
Current assets	·			
Current investments		10	45,61,21,882	29,82,39,191
Trade receivables		12	1,00,04,373	1,34,88,582
Cash and Bank Balances		13	6,56,100	76,36,535
Short-term loans and advances		14	21,96,87,563	35,29,35,171
Other current assets		15	1,35,61,421	20,00,049
			70,00,31,339	67,42,99,528
	<b></b>		4 47 34 70 350	1 26 44 05 711
	Total		1,17,34,78,250	1,26,44,95,711

Notes forming part of the financial statements

As per our attached report of even date

For MGB & Co LLP

actered Accountants

gistration Number 101169W/W-100035

Sanjay Kothar

Membership Number 048215

Place: Mumbai Date: 23 April 2019 For and on behalf of the Board

22

K P Nair Chairman

DIN: 02611496

Amit Bhavsar CEO & COO FCA 105890

Dilip Kumar Mandal Managing Director & CEO

DIN: 03313130

Ajit Joshi

Company Secretary

(CIN: U65100MH2010PLC199319)

# Profit and Loss Statement for the year ended 31 March 2019

# **Amount in Rupees**

	Note	2019	2018
Income			
Revenue from operations	16	59,76,66,687	80,03,76,797
Other income	17	5,07,52,036	3,35,52,731
Total	_	64,84,18,723	83,39,29,528
Expenses			
Employee benefits expense	18	15,96,32,916	14,12,36,401
Scheme and Distribution Expenses	19	29,54,48,035	50,17,94,932
Other expenses	20	11,38,12,513	9,55,60,831
Depreciation and amortization expense	21	52,81,989	62,44,653
Total		57,41,75,453	74,48,36,817
Profit/ (loss) before exceptional item and taxation		7,42,43,270	8,90,92,711
Exceptional items (Refer note 22(3.4))		2,15,11,894	(13,72,50,000)
Profit/(Loss) before taxation		9,57,55,164	(4,81,57,289)
Provision for taxation			÷
- Current Tax - current year		94,10,085	•
-earlier year		-	-
- Deferred Tax		(12,97,52,393)	12,82,70,818
Profit after taxation		(4,34,07,314)	8,01,13,529
Earning / (Loss) per equity share (face value of Rs. 10 each)			
(1) Basic		(0.22)	0.40
(2) Diluted		(0.22)	0.40

Notes forming part of the financial statements

22

As per our attached report of even date

For MGB & Co LLP

Thartered Accountants

nRegistration Number 101169W/W-100035

Partner

Membership Number 048215

Place: Mumbai

Date: 23 April 2019

For and on behalf of the Board

K P Nair

Chairman

DIN: 02611496

Amit Bhavsar

CFO & COO FCA 105890

Ajit Joshi

Company Secretary

Dilip Kumar Mandal Managing Director & CEO

DIN: 03313130

# (CIN: U65100MH2010PLC199319) Cash Flow Statement for the year ended 31st March 2019

Particulars  (A) Cash Flow from Operating Activities: Profit for the year Add: Adjustments (Profit)/Loss on sale of property, plant and equipments Depreciation and amortisation Interest on Income Tax refund/ Bank FD/ Bonds Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	2019 8,63,45,079 62,974 52,81,989 (2,50,40,434) (5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006 34,84,209 13,32,47,608	2018 (4,81,57,289) 19,798 62,44,653 (1,71,82,160) (71,477) (30,73,426) (1,32,15,825)
Profit for the year Add: Adjustments (Profit)/Loss on sale of property, plant and equipments Depreciation and amortisation Interest on Income Tax refund/ Bank FD/ Bonds Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	62,974 52,81,989 (2,50,40,434) (5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006	19,798 62,44,653 (1,71,82,160) . (71,477) (30,73,426) (1,32,15,825)
Add: Adjustments (Profit)/Loss on sale of property, plant and equipments Depreciation and amortisation Interest on Income Tax refund/ Bank FD/ Bonds Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	62,974 52,81,989 (2,50,40,434) (5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006	19,798 62,44,653 (1,71,82,160) (71,477) (30,73,426) (1,32,15,825)
(Profit)/Loss on sale of property, plant and equipments Depreciation and amortisation Interest on Income Tax refund/ Bank FD/ Bonds Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	52,81,989 (2,50,40,434) (5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006	19,798 62,44,653 (1,71,82,160) . (71,477) (30,73,426) (1,32,15,825)
Depreciation and amortisation Interest on Income Tax refund/ Bank FD/ Bonds Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	52,81,989 (2,50,40,434) (5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006	62,44,653 (1,71,82,160) . (71,477) (30,73,426) (1,32,15,825)
Interest on Income Tax refund/ Bank FD/ Bonds Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	(2,50,40,434) (5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006	62,44,653 (1,71,82,160) . (71,477) (30,73,426) (1,32,15,825)
Dividend Income Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	(5,00,977) (36,42,520) (2,15,68,105) 4,09,38,006 34,84,209	(1,71,82,160) . (71,477) (30,73,426) (1,32,15,825)
Other Income Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	(36,42,520) (2,15,68,105) 4,09,38,006 34,84,209	. (71,477) (30,73,426) (1,32,15,825)
Net gain on sale of investments Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	(2,15,68,105) 4,09,38,006 34,84,209	(30,73,426) (1,32,15,825)
Operating Loss before Working Capital changes (Increase)/ Decrease Trade receivables (Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances	4,09,38,006 34,84,209	(1,32,15,825)
(Increase) / Decrease Trade receivables (Increase) / Decrease Short-term loans and advances (Increase) / Decrease Long-term loans and advances	34,84,209	
(Increase)/ Decrease Short-term loans and advances (Increase)/ Decrease Long-term loans and advances		(7,54,35,725)
(Increase)/ Decrease Long-term loans and advances		(25,05,327)
	12,22,71,000	(14,76,98,067)
	38,02,539	10,74,986
(Increase) / Decrease in other non current asset		· ·
(Increase)/ Decrease in Other current assets	(1,15,61,360)	(15,84,319)
Increase/ (Decrease) Long-term provisions	8,01,719	(21,31,233)
Increase/ (Decrease)Trade payables	(6,34,50,937)	77,84,085
Increase/ (Decrease) Other current liabilities	1,46,00,388	1,78,05,822
Increase/ (Decrease) Other non-current liabilities	(2,85,820)	6,10,818
Increase/ (Decrease) Short-term provisions	7,24,505	(6,70,280)
Net change in working capital	8,13,62,850	(12,73,13,515)
Interest on Income Tax refund/ Bank FD	87,80,434	30,81,338
Net Cash from/ (used in) Operating activities (A)	13,10,81,290	(19,96,67,904)
(B) Cash Flow from Investing activities		
Purchase of Property, Plant and Equipment	(47,50,898)	(56,14,590)
(Increase) /Decrease in investment (net)	(17,73,93,380)	17,94,36,675
Sale of Property, Plant and Equipment	21,10,951	1,20,853
Net gain on sale of investments	2,15,68,105	1,32,15,825
Other Income	36,42,520	30,73,426
Dividend income	5,00,977	71,477
Interest Income	1,62,60,000	1,41,00,822
Net Cash from / (used in) Investing Activities (B)	(13,80,61,725)	20,44,04,486
(C) Cash Flow from Financial activities		
Increase in Share Capital	_	
Net Cash from/ (used in) in Financial Activities (C)		-
Net increase in Cash & Cash Equivalents for the year (A+B+C)	(69,80,435)	47,36,582
Cash & Cash Equivalents at the begining of the year	76,36,535	28,99,954
Cash & Cash Equivalents at the end of the year		

As per our attached report of even date

For MGB & Co LLP

Chartered Accountants

m) Registration Number 101169W/W-100035

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Sanjay Kothari

Membership Number 048215

Place: Mumbai Date: 23 April 2019 For and on behalf of the Board

K P Nair

Chairman

QIN: 02611496

Amit Bhavsar CFO & COO

FCA 105890

Dilip Kumar Mandal

Managing Director & CEO

DIN: 03313130

Ajit Joshi **Company Secretary** 

(CIN: U65100MH2010PLC199319)
NOTES FORMING PART OF THE BALANCE SHEET

# Note 1: Share Capital

· ·		Amount in Rupees
	2019	2018
Authorised		
250,000,000 Equity Shares of Rs. 10 each(250,000,000 Equity shares of Rs.10 each)	2,50,00,00,000	2,50,00,00,000
Issued, Subscribed and Paid up		
200,000,000 Equity Shares of Rs. 10 each(200,000,000 Equity shares of Rs.10 each)	2,00,00,00,000	2,00,00,00,000
Total	2,00,00,00,000	2,00,00,00,000

# Reconciliation of number of shares outstanding

		Nos. of Shares
	2019	2018
Shares outstanding at the beginning of the year	20,00,00,000	20,00,00,000
Shares issued during the year		
Shares brought back during the year		
Shares outstanding at the end of the year	20,00,00,000	20,00,00,000

Details of Shareholdings

·	20	2019		2018	
Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding	
IDBI Bank Limited ( Holding Company) and its Nominees	13,33,40,000	66.67	13,33,40,000	66.67	
IDBI Capital Market Services Limited	6,66,60,000	33.33	6,66,60,000	33.33	
Total	20,00,00,000	100,00	20,00,00,000	100.00	

# Note 2: Reserves and surplus

		Amount in Rupees
	2019	2018
Surplus/ (Deficit)		
Opening balance	(87,56,46,738)	(95,57,60,264)
Add Profit/(Loss) for the current year	(4,34,07,314)	8,01,13,529
Closing Balance	(91,90,54,052)	(87,56,46,736)

# Note 3: Long-term provisions

		Amount in Rupees
	2019	2018
Provision for employee benefits		
Leave Encashment	30,88,050	22,86,331
Total	30,88,050	22,86,331

# Note 4: Other Long Term Liabilities

	2019	2018
Discount on Investment unadjusted		2,85,820
Total	<u>-</u>	2,85,820





# Note 5: Trade Payables

		Amount in Rupees
	2019	2018
Balance due to-		
- Micro and small enterprises	-	-
- Other than micro and small enterprises	35,96,539	6,70,47,476
Total	35,96,539	6,70,47,476

# Note 6: Other Current Liabilities

Amount	íπ	Rupees

Amount		
	2019	2018
Salary, incentives and reimbursements payable	2,26,35,018	1,81,64,690
Provident and other funds payable	9,89,400	8,32,394
Discount on Investment unadjusted	2,85,820	3,24,998
Statutory dues payable	·	
-TDS payable	22,59,753	33,78,266
-Goods and Services Tax Payable	98,98,731	89,63,111
-Professional Tax Payable	21,621	22,571
Other payables		
- Micro and small enterprises	8,00,000	-
- Other than micro and small enterprises	4,41,63,216	3,47,67,141
Total	8,10,53,559	6,64,53,171

# Note 7: Short-term Provisions

	2019	2018
Provision for employee benefits		,
- Gratuity	38,01,980	29,17,832
- Leave encashment	9,92,173	11,51,817
Total	47,94,154	40,69,649





Amount in Rupees 2019 Nonscurrent investments Face Value Qty/Units/No. Amount Qtv/Units/No. Amount Investment in Equity Shares Ouoted 10 Housing and Urban Development Corporation Limited 7,672 4,60,320 7,672 4,60,320 Cochin Shipyard Limited 10 3,56,832 826 3,56,832 826 Capacit'e Infra Projects Limited 10 309 77,250 Godrej Agrovet Limited 10 2,12,060 461 Unquoted MF Utility India Private Limited of Rs. 1/- each 1 5,00,000 5,00,000 5,00,000 5,00,000 investment in Bonds - Quoted Power Finance Corporation Limited - Bonds 10,00,000 100 10,00,00,000 100 10,00,00,000 Punjab National Bank - Bonds 10,00,000 100 10,00,00,000 100 10,00,00,000 Investment in Mutual Funds- Quoted IDBI Liquid Fund - Direct Plan - Growth 1000 4,027 62,00,000 3,427 50,00,000 IDBI Dynamic Bond Fund - Direct Plan - Growth 50,00,000 4,07,282 50,00,000 10 4,07,282 IDBI Diversified Equity Fund - Direct Plan - Growth 10 3,15,856 50,00,000 3,15,856 50,00,000 IDBI Gold Fund FOF-Direct Plan 50,00,000 10 5,91,835 5,91,835 50,00,000 IDBI Gilt Fund - Direct Plan -Growth 10 4,15,832 50,00,000 4,15,832 50,00,000 IDBI India Top 100 Equity Fund - Direct Plan - Growth 10 2,65,252 50,00,000 2,65,252 50,00,000 4,97,512 50,00,000 IDBI Midcap Fund - Direct Plan - Growth 10 4,97,512 50,00,000 IDBI Equity Savings Fund - Direct Plan -Growth 10 3,62,337 50,00,000 3,62,337 50,00,000 IDBI Nifty Index Fund - Direct Plan - Growth 10 3,07,418 50,00,000 3,07,418 50,00,000 IDBI Nifty Junior Index Fund - Direct Plan - Growth 10 3.37.881 50,00,000 3,37,881 50,00,000 IDBI Credit Risk Fund- Direct Plan - Growth 10 4,58,552 50,00,000 4,58,552 50,00,000 10 IDBI Hybrid Equity Fund - Direct Plan - Growth 4,98,659 50,00,000 4,98,659 50,00,000 IDBI Small Cap Fund - Direct Plan - Growth 10 4,99,002 50,00,000 4,99,002 50,00,000 IDBI Short Term Bond Fund - Direct Plan - Growth 10 3,58,865 50,00,000 3,58,865 50,00,000 10 2,56,674 50,00,000 IDBI Equity Advantage Fund - Direct Plan - Growth 2,56,674 50,00,000 IDBI Ultra Short Term Fund - Direct Plan - Growth 1000 3,442 50,00,000 3,442 50,00,000 2,000 50,58,022 IDBI Gold Fund ETF 100 2,000 50,58,022 IDBI Focused 30 Equity Fund - Direct Plan - Growth 10 4,99,501 50,00,000 4,99,501 50,00,000 IDBI Banking & Financial Services Fund - Direct Plan -Growth 10 4,99,002 50,00,000 10 4,99,002 50,00,000 IDBI Long Term Value Fund - Direct Plan - Growth IDBI Dividend Yield Fund - Direct Plan - Growth 10 4,98,504 50,00,000 IDBI Healthcare Fund - Direct Plan - Growth 10 3,58,923 36,00,000 Aggregate amount of quoted investments 31,11,75,174 29,16,64,484 Market value /NAV of quoted investments 34,18,60,633 31,29,29,368 Aggregate provision made for diminution in value of Investments

		201	2019		2018	
Current investments	Face Value	Qty/Units/No.	Amount	Qty/Units/No.	Amount	
Investment in IDBI Mutual Fund - Quoted (Valued at lower of cost or						
IDBI Liquid Fund - Direct Plan - Growth	1000	1,65,938	32,88,70,737	12,374	2,30,00,000	
IDBI Gilt Fund - Direct Plan - Growth	10	31,28,215	4,82,05,170	36,05,834	5,22,33,747	
IDBI Short Term Bond Fund-Direct Plan-Growth	10	41,01,639	7,90,45,975	•		
IDBI Liquid Fund - Direct Plan - Monthly Dividend - Reinvestment	1000	-	. •	1,48,279	14,86,15,911	
IDBI Short Term Bond Fund-Direct Plan-Monthly Dividend-Reinvestment	10	-	-	50,50,617	7,43,89,534	
Aggregate amount of quoted invetments			45,61,21,882		29,82,39,191	
Market value /NAV of quoted investments			46,15,88,546		29,84,73,917	
Aggregate provision made for diminution in value of investments		'	· · ·		6,72,488	





# Note 11: Long-term loans and advances

		Amount in Rupees
	2019	2018
Balance with government authorities		
-Indirect Tax- Vat paid under dispute	15,00,000	15,00,000
Prepaid expense	48,00,693	84,34,149
Deposits	9,59,096	11,28,178
Total	72,59,788	1,10,62,327

# Note 12: Trade receivables

Amour	ıt	۱n	Ru	pees
		$\Delta A$		

	2019	2018
Unsecured, considered good		
Trade receivables outstanding for a period less than six months	1,00,04,373	1,34,88,581
Trade receivables outstanding for a period exceeding six months	-	. <b>-</b>
Total	1,00,04,373	1,34,88,582

# Note 13: Cash and Bank Balances

Amou	nt	in	Rupe	e
------	----	----	------	---

	2019	2018
Cash and cash equivalents		
- Balances with banks in current accounts	6,54,016	76,26,810
- Cash on hand	2,084	9,725
Total	6,56,100	76,36,535

# Note 14: Short-term loans and advances

# Amount in Rupees

	2019	2018
(Unsecured, considered good)		
Staff Advance	• 1	3,37,485
Advance to vendors	4,99,975	5,17,934
Advances Given to Schemes	11,57,38,106	21,75,00,000
Less: Provision for doubtful receivable	11,57,38,106	13,72,50,000
·.	- 1	8,02,50,000
Deposits .	4,92,000	7,00,000
Balance with government authorities		
-Direct Tax	19,54,63,304	20,29,15,482
-Indirect Tax	11,35,743	1,52,56,959
Prepaid expense	2,20,96,541	5,29,57,311
Total	21,96,87,563	35,29,35,171

# Note 15: Other current assets

		Amount in Rupeus
	2019	2018
Interest accrued but not due on Bonds	9,44,877	9,44,877
Other Receivable - Related parties	1,26,16,545	10,55,172
Total	1,35,61,421	. 20,00,049





(CIN: U65100MH2010PLC199319)

# NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT

# Note 16: Revenue from operations

Amount in Rupees

	2019	2018
Management Fees (Gross)	70,52,46,691	93,89,78,018
Less : Service Tax / Goods and Service Tax	10,75,80,004	13,86,01,221
Management Fees (Net)	59,76,66,687	80,03,76,797

# Note 17: Other income

Amount in Rupees

Awards	2019	2018
Interest Income		
- Bonds/Deposits	1,64,18,904	1,71,82,160
- Income tax refund	86,21,530	-
Dividend Income	5,00,977	71,477
Net gain/loss on sale of investments	2,15,68,105	1,32,15,825
Profit on Sale of property, plant and equipment		9,844
Other non-operating income	3,79,828	1,97,133
Secretarial and Accounts Services Fees	32,62,692	28,76,292
Total	5,07,52,036	3,35,52,731

# Note 18: Employee benefits expense

Amount in Rupees

	2019	2018
Salary, incentives and reimbursements	14,02,68,821	12,95,07,576
Contributions to provident and other funds	96,24,855	51,74,936
Staff welfare expenses	85,35,753	79,50,310
Staff Training Expenses	1,58,869	2,53,860
Leave Encashment	10,44,617	(16,50,280)
Total	15,96,32,916	14,12,36,402

# Note 19: Scheme and Distribution Expenses

	·	
	2019	2018
Scheme Expenses		
Upfront Brokerage	6,96,40,540	8,19,21,170
Annualised / Trail Brokerage	12,53,14,233	30,13,22,926
Distributors' Incentives/Fees	-	1,85,27,952
Register and Transfer agent and other expenses	2,18,11,495	3,57,21,160
Custodian Fees	33,75,744	72,38,656
Statutory,Internal and Concurrent Audit Fees	13,35,000	16,02,938
Finance Charges	4,24,528	17,43,294
Other scheme Related expenses	2,48,27,317	1,50,13,099
Total (a)	24,67,28,857	46,30,91,195





Other Sales and Distribution Expenses		
Advertisement Expenses	19,55,555	27,67,172
Printing Material	56,19,002	29,18,030
Courier and Postage	27,40,975	24,95,942
Conference and Seminars	1,40,09,237	54,82,296
Other Sales and Distribution Costs	34,67,608	45,86,452
Entertainment Expenses	41,05,386	27,09,260
Out Bound Sales Expenses	1,68,21,415	1,77,44,585
Total (b)	4,87,19,178	3,87,03,737
Total (a)+(b)	29,54,48,035	50,17,94,932

# Note 20: Other expenses

**Amount in Rupees** 

		Amount in Rupees
	2019	2018
Office Rent	3,42,28,684	3,08,22,384
House-keeping, Maintenance and Others	87,28,316	73,40,830
Electricity and Water	52,40,427	24,95,768
Telephone expenses	25,81,692	33,81,231
IT and Networking Expenses	1,76,74,104	1,54,32,647
Professional and Consultancy Fees	68,73,110	34,92,330
Printing and Stationery	22,18,847	17,35,944
Local Conveyance	51,21,012	45,26,397
IDL Charges	16,56,369	26,68,422
Rates and Taxes	2,90,236	2,62,863
Travel and Halting Expenses	94,93,485	59,96,320
Subscriptions	1,00,49,966	1,19,05,164
Membership and Subscriptions to AMFI/SEBI	30,39,720	21,49,092
Director Sitting Fees	12,20,000	9,31,700
Repairs and Maintenance	36,60,645	8,10,724
Loss on Sale of Property, Plant and Equipment	62,974	29,642
Payment to Auditors (Refer Note 3.13)	8,00,000	7,35,000
Miscellaneous expenses	8,72,926	8,44,375
Total	11,38,12,513	9,55,60,831

# Note 21: Depreciation and amortization expense

	2019	2018
Property, Plant and Equipment	42,82,786	44,76,813
Intangible assets	9,99,203	17,67,840
Total	52,81,989	62,44,653





# IDBI ASSET MANAGEMENT LIMITED (CIN: U65100MH2010PLC199319) NOTES FORMING PART OF THE BALANCE SHEET

		Gross Block	lock			Accumulated Depreciation	Depreciation		Net Block	ock
	1 April 2018	Additions	sposals	31 March 2019 1 April 2018	1 April 2018	For the year On disposals	On disposals	31 March 2019	31 March 2019 31 March 2019 31 March 2018	31 March 2018
			- 6							
Tangible Assets		-			2	, ,	20 00 450	2 22 240	3 18 744	20 05 975
Firmiture and Fixtures	52,09,856	2,53,708	46,52,980	8,10,584	32,03,881	3,78,609	30,90,100	4,72,340	2,10,411	10,000,000
	, an an	2 20 507	, VE 722	10 75 006	12 29 617	1.51.661	5.84.249	7,97,029	2,78,967	2,52,414
Communication Equipment	14,02,031	4,0,000	0, 10,011	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,			17 10 177	909 906
Office on the mont	63 87 627	23 87 396	36.47.300	51,27,723	55,84,821	11,61,751	31,37,203	36,09,369	15,18,333	0,02,000
Office edarbinetic	00,00			2	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	7E 07 110	7 63 733	3 00 45 375	31 14 690	38.94.891
Computer Hardware	3,30,06,248	18,50,207	7,96,390	3,40,60,065	2,71,11,330	23,31,443	1,00,702	2 50 11 112	בי ייייייייייייייייייייייייייייייייייי	(0 EC 007
Total	4.60.85.763	47.30.898 97.42.292	97,42,292	4,10,74,368 3,91,29,677	3,91,29,677	42,89,470	75,75,034	3,58,44,113	52,50,25	700,007

Note 9: Intangible assets

Intangible Assets Computer software Total 1 April 2018 2,91,31,160 2,91,31,160 Additions 20,000 20,000 **Gross Block** Disposals 31 March 2019 2,91,51,160 2,91,51,160 1 April 2018 2,57,25,734 2,57,25,734 Accumulated Depreciation

For the year On disposals 9,99,203 9,99,203 31 March 2019 2,67,24,937 2,67,24,937 31 March 2019 31 March 2018 24,26,223 24,26,223 Net Block Amount in Rupees 34,05,426 34,05,426





#### Note 22 Significant accounting policies and other notes

#### 1 Background

IDBI Asset Management Company Limited ("the Company") was incorporated on 25 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 on going concern basis in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply with in all material respect with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

#### 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:

- it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- 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:

- it is expected to be settled in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
  Current liabilities include current portion of non-current financial liabilities.
  All other liabilities are classified as non-current.

#### 2.4 Revenue Recognition

#### Investment Management fees:

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

#### Other income:

- a) Interest income is accounted for on period proportion basis. Interest on interest bearing securities is accrued on the coupon rate. On purchase of such investments, interest paid for the period from the last interest due date up to the date of purchase is not treated as a cost of purchase but is treated as interest recoverable. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale is not treated as part of sale value but is treated as interest recovered. In case of premium / discount on securities the same is being amortised over the tenure
- b) The profit/loss on the sale of investments is recognized in the statement of Profit and Loss on the trade date using the FIFO method for arriving at purchase cost.
- c) Dividend income is recognized when the right to receive dividend is established.

#### 2.5 Property, Plant and Equipments and intangibles

- a) Property, plant and equipment are stated at cost of acquisition / installation and less accumulated depreciation and impairment loss, if any. Cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. 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 assets, including repairs and maintenance and cost of replacement of parts are charged as revenue in the period in which they are incurred
- b) Intangible assets are recognised in the year it is put to use at cost, intangible assets are carried at cost less accumulated amortization and impairment loss, if any,





- 2.6 Depreciation/ amortization on property, plant and equipment and intangibles
- a) Depreciation is provided on Straight Line Method (SLM) as prescribed in Schedule II to the Companies Act, 2013. The rates of depreciation of assets have been arrived at after considering the useful life of the asset as per schedule II of the Companies Act 2013. If the management's estimate of the useful life of a property, plant and equipments, at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, depreciation is provided at a higher rate based on management's estimates of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following rates:

Class of Property, Plant and Equipments	Rate of Depreciation (%)- SLM basis
Furniture and Fixtures	9.50
Office Equipment	19.00
IT Hardware	33.33
Consumer durables with Employees	33.33

- b) Computer software individually costing more than Rs 2,50,000 is capitalized and depreciated over a period of 5 years, Computer software individually costing less than Rs. 2,50,000 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) Property, plant and equipments, other than software, individually costing Rs 5,000 or less are fully depreciated in the year of purchase I acquisition.

# 2.7 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.

#### 2.8 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.

#### 2.9 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 and loss of the year in which the services are rendered.

#### Compensated absences:

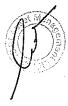
The Company provides for Privilege Leave Encashment subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment as well as availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the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

#### 2.10 Operating Leases

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments/ revenue under operating leases are recognized as expense/ income on accrual basis in accordance with the terms of respective lease agreements.

#### 2.11 Earnings per share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.





#### 2.12 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.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

#### 2.13 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 14 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.

#### 2.15 Cash and Cash equivalents:

Cash and Cash equivalents comprise cash and 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.

#### 2.16 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.

#### 2.17 Brokerage and New Fund Offer expenses:

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

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

# 2.18 Scheme related expenses:

All recurring expenses of the schemes of the IDBI Mutual Fund including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India (Mutual Fund) Regulations Act 1996, as amended, or in excess of limits and as given in the Scheme Information Document that are required to be borne by the Company as per the said regulations, are charged to the Statement of Profit and Loss as Scheme related expenses. (Refer Note 22(3.15))





#### 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 and Other Funds:

		Amount in Rupees
	2019	2018
Employer's contribution to Provident Fund	60,61,969	55,18,977

#### a) Defined Benefit Plan

# Contribution to Gratuity Fund (Funded Scheme)

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

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

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

	Amos	ant in Rupees
	2019	2018
Present value of funded benefit obligations as at 1 April	84,11,172	1,16,86,330
Service cost	11,08,776	22,50,259
Interest cost	6,03,922	8,43,753
Past Service Cost - Vested Benefit Incurred During the year	0	22,222
Benefit Paid from the Fund	- (22,57,427)	(35,85,796)
Actuarial (Gains) / Losses on obligation-due to change in Demographic Assumption	3,47,615	-14,41,294
Actuarial (Gains)/ Losses on obligation-due to change in Financial Assumptions	8,06,402	8,684
Actuarial (gain)/loss on obligations-due to experience	8,40,509	-13,72,986
Present value of funded benefit obligations as at 31 March	98,60,969	84,11,172

	Amoui	nt in Rupees
Reconciliation of opening and closing Balance of Fair Value of Plan Assets:	2019	2018
Fair value of plan assets as at beginning of the year	54,93,340	80,87,818
Expected return on plan assets	3,94,422	5,83,940
Actuarial gain/(loss)-due to experience	-12,012	3,49,117
Employer contribution	24,40,666	58,261
Benefits paid	(22,57,427)	(35,85,796)
Fair value of plan assets at the year end	60,58,989	54,93,340

Table 1		Amount in Rupees
Reconciliation of Fair Value of Assets and Obligations:	2019	2018
Present Value of Benefit Obligation as at the end of the year	(98,60,969)	(84,11,172)
Fair Value of Plan Assets at the end of year	60,58,989	54,93,340
Net ( Liability) / Asset recognized in the Balance Sheet	(38,01,980)	(29,17,832)

		Amount in Rupees
Expense recognized during the year:	2019	2018
Current Service Cost	11,08,776	22,50,259
Interest Cost	6,03,922	8,43,753
Expected return on plan assets	(3,94,422)	(5,83,940)
Actuarial (gain) / loss	20,06,538	(31,54,713)
Past Service Cost - Vested Benefit Recognized During the year	-	22,222
Expenses recognized in Profit and Loss A/C	33.24.814	-6 22 A10

		Amount In Rupees
Experience Adjustments:	2019	2018
(Gains) / Losses on Plan Obligations	8,40,509	(13,72,986)
Gains / (Losses) on Plan Assets	(12,012)	3,49,117
Estimated Contribution for next year	44,79,552	32,85,779
Actuarial assumptions used are:-	2019	2018
Discount rate	6.76%	7.18%
Salary escalation rate	12.00%	10.00%
Attrition rate	22,00%	26.80%
Expected return on plan assets	6.76%	7.18%





#### Accumulated Compensated Absences:

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

	Amount in Rupees	
	2019	2018
Present value of obligation as at end of the year	40,80,223	34,38,147
Fair value of plan assets	-	
Actuarial assumption used	-	-
Discount rate	6.76%	7.18%
Salary escalation rate	. 12.00%	10.00%
Cost recognized during the year	10,44,617	(16,50,280)

#### 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 :

· ·	The second particular and the second particu	
ı	Individuals having control with relatives & associates	
	Dilip Kumar Mandal	
	1	Managing Director and Chief
		Executive Officer
		I

Key Management Personnel

Key Management Personnel	
Dilip Kumar Mandal	Managing Director and Chief
	Executive Officer
Amit Bhavsar	Chief Financial Officer
Ajit Joshi	Company Secretary

Entities owned or significantly influenced by Directors and/or key manage has entered into transactions during the period under review	ement personnel or their relative and with whom Company
Life Insurance Corporation of India	Ultimate Holding Company
IDBI Bank Limited	Holding Company
IDBI Capital Markets and Services Limited	Fellow Subsidiary
IDBI In-tech Limited	Fellow Subsidiary
IDBI MF Trustee Company Limited	Fellow Subsidiary

IV ·	Other related parties with whom Company has entered into transactions during the period under review	
	Yes Bank Limited	Other Related Party

Entities owned or significantly influenced by Directors and/or key management personnel or their relative and with whom Company has not entered into transactions during the period under review			
IDBI Federal Life Insurance Company Limited	Fellow Subsidiary		
IDBI Trusteeship Services Limited	Fellow Subsidiary		

٧i	1 Other related parties with whom Company has not entered into transactions during the year under review		
	Micro Units Development and Refinance Agency Limited	NIL	
	IFCI Factors Limited	NIL .	
	National Securities Depository Limited (NSDL)	NIL	
	Biotech Consortium (I) Limited	NIL	
	North East Development Finance Corporation Limited (NEDFI)	NIL	
	Pondichery Industrial Promotion Development and Investment Corporation Limited	NIL	
	ICMAI Registered Valuers Organisation	NIL	





# (B) Transaction with related parties

	Amour	nt in Rupees
IDBI Bank Limited :	2019	2018
Transactions with IDBI Bank Limited		
Expenditure Incurred:		
- Upfront Brokerage	5,29,63,449	7,39,91,805
- Annualised / Trail Brokerage	8,73,64,356	11,51,36,054
Office Rent	3,07,89,770	2,98,43,846
- Electricity and Water	33,44,289	4,20,722
House-keeping, Maintenance and Others etc	13,380	1,92,999
- Rates and Taxes	73,790	2,09,762
- Salaries and incentives	88,28,711	55,34,663
- IDL Charges	9,15,522	10,04,863
- Scheme Related Expenses	22,94,529	29,37,339
- Reimbursement of Sharing Expenses	22,74,527	13,37,164
<b>3</b> - <b>7</b> - · · · · ·	-	13,31,104
Interest on fixed deposit	1,58,904	30,81,338
INDICA-IN-Literature Const.		
IDBI Capital Market Services Limited :	2019	2018
Transactions with IDBI Capital Market Services Limited		
Expenditure Incurred:	.	
- Upfront Brokerage	22,579	94,487
- Annualised / Trail Brokerage	1,03,103	1,36,166
- IDL Charges	-	518
IDBI Intech Limited:	2019	2018
Transactions with IDBI Intech Limited		
Expenditure Incurred		
- IT & Communication services	84,24,000	76,30,000
IDBI MF Trustee Company Limited (Including the transaction with IDBI Mutual Fund)		
Transactions with IDBI MF Trustee Company Limited	2019	2018
- Secretarial and Accounts Services Fees		
- Management Fees	32,62,692	28,76,292
· ·	59,76,66,687	80,03,76,797
- Other Advance given and received	63,45,232	1,12,74,916
- Other scheme Related expenses	82,13,254	•
- Upfront Brokerage	- 1	20,12,030
IDBI Federal Life Insurance Company Limited	2019	2018
Transactions with IDBI Federal Life Insurance Company Limited		
- Staff welfare expenses		41,744
Yes Bank Limited :		
Transactions with Yes Bank Limited	2019	2018
Expenditure Incurred:		
- Upfront Brokerage	2,559	5,242
- Annualised / Trail Brokerage	11	
- Scheme Related Expenses	9,378	59,080





Balances with related parties:

	2019	2018
IDBI Bank Limited (Holding Company)		
- Other payables	3,15,33,607	2,37,30,201
Cash and Bank Balances	6,54,016	76,26,810
- Capital Contribution	1,33,34,00,000	1,33,34,00,000
IDBI Capital Market Services Limited		
- Other payables		17,793
- Capital Contribution	66,66,00,000	66,66,00,000
IDBI In-tech Limited		
- Other payables	. }	6,83,100
IDBI MF Trustee Company Limited		
- Trade Receivable	1,00,04,373	1,34,88,582
- Other Receivable	1,26,16,545	10,55,172
Yes Bank Limited		
- Other payables		48,544

(C) Summary of transactions with related parties:

	2019	2018
IT and Communication services	84,24,000	76,30,000
Upfront Brokerage	5,29,88,587	7,61,03,564
Annualised / Trail Brokerage	8,74,76,837	11,53,31,300
Office Rent	3,07,89,770	2,98,43,846
Electricity and Water	33,44,289	4,20,722
House-keeping, Maintenance and Others	13,380	1,92,999
Rates and Taxes	73,790	2,09,762
Salary, incentives and reimbursements	88,28,711	55,34,663
IDL Charges	9,15,522	10,05,381
Staff welfare expenses		41,744
Scheme Related Expenses	1,05,07,783	31,21,787
Interest on fixed deposit	1,58,904	30,81,338
Secretarial Fees	32,62,692	28,76,292
Management Fees	59,76,66,687	80,03,76,797
Reimbursement of Sharing Expenses	-	13,37,164
Other Advance given and received	63,45,232	1,12,74,916

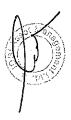
(D) Managerial Remuneration:

	2019	2018
Salary and Allowances paid to MD and CEO (Reimbursement)	59,60,711	55,34,663

Note: Related parties have been identified and certified by the management and relied upon by the auditors

# 3.4 Exceptional items

Some of the schemes of IDBI Mutual Fund have made investment in debt securities issued by Bilt Graphic and Paper Products Limited (BGPPL) which have not been paid by BGPPL. In this regard IDBI AMC has advanced a sum of Rs. 267,500,000 considering long term and larger interests of the schemes, investors, industry practice and for upholding the image of the group. Considering the present scenario a sum of Rs.137,250,000 has been provided in the books. During the year, the Company has received Rs. 101,761,894 and accordingly Rs 21,511,894 has been reversed and shown as exceptional item.





#### 3.5 Operating lease

The Company has entered into operating lease arrangements for certain assets. Following are the disclosure requirements as per the Accounting Standard - 19 "Leases"

The total lease payments recognized in the Statement of Profit and Loss towards the said leases amounts to Rs. 34,228,684/-(PY Rs. 30,822,384/-) The future lease payments in respectof non-cancellable lease of the above are as follows:

Not Later than One year	2019	2018
Later than one year but not later than five years	6,60,055	4,92,000
and the year but not attend the years	-	

#### 3.6 Earnings per share:

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

Net (Local / Brofit after the control	2019	2018
Net (Loss)/ Profit after tax attributable to equity shareholders(A) Calculation of weighted average number of equity shares(B) :	(4,34,07,314)	8,01,13,528
- No. of shares at the beginning of the period - No. of shares issued during the period	20,00,00,000	20,00,00,000
- Total No. of shares outstanding at the period - Nominal Value of the equity share - per share	20,00,00,000	NIL 20,00,00,000
- Paid up value of the equity share - Per share	10/- 10/-	10/- 10/-
- Weighted average no. of shares at 10/- paid up per share equivalent Basic (loss)/ earnings per share of the face value of 10/- for the period(A)/(B)-	20,00,00,000 (0.22)	20,00,00,000

#### 3.7 Deferred Taxes:

In accordance with Accounting Standard 22 - Accounting for taxes on Income, the major components of deferred tax as at 31st March 2019 are as follows:

	2019	2018
Deferred Tax Asset		2010
Gratuity		
Leave Encashment	10,57,713	9,01,613
Amortization of Preliminary expenses	11,35,118	10,62,387
Accumulated Losses	<u> </u>	5,87,100
Depreciation	14,46,64,000	27,43,66,000
Deferred Tax Asset at the year end	4,98,638	1,90,761
	14,73,55,469	27,71,07,861
Deferred Tax Liability		
Amortization of Marketing and Distribution expenses		
Deferred Tax Liability at the year end		-
The second of th		-
Deferred Tax Liability/ (Assets) Net	(1) 72 51 (12)	
	(14,73,55,469)	(27,71,07,861)

The Company has brought forward losses available of Rs.83 crores. Based on reasonabl cetainty, the Company has reassesed the brought forward loseed and created deferred tax asset on losses of Rs.52 crores during the year.

### 3.8 Impairment of Assets:

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

# 3.9 Contingent liabilities are as under:

- a) For the AY 2013-14 the Income Tax Department vide its assessment order under section 143(3) dated 15-03-2016 disallowed certain expenditures thereby reducing the loss and initiated penalty proceedings under section 271(1)(c) of the Income Tax Act. However no demand has been raised. The Company has filed an appeal against the said
- b) For the AY 2015-16 the income Tax Department vide its assessment order under section 143(3) dated 26-12-2017 disallowed certain expenditures thereby reducing the loss and initiated penalty proceedings under section 271(1)(c) of the Income Tax Act. However no demand has been raised. The Company has filed an appeal against the said
- c) 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. 4,334,456 on the Company. The Company has also filed an appeal against this assessment. No provision has been made in this regards. An adhoc payment under protest of Rs. 1,500,000 had been made during the previous year.
- 3.10 Expenditure in foreign exchange: Distributor's Incentive (Travelling Expenses) Rs. 352,836/-(P.Y.- Rs. 140,881/-)





# 3.11 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.

	2019	2018
Principal amount remaining unpaid to any supplier as at the year end	8,00,000	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 Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amazina di Januaria	N/L	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

#### 3.12 Details of Payment to Auditors

	·	Amount in rupees
114	2019	2018
Audit	5,35,000	5,20,000
For tax audit	1,15,000	1,15,000
For Certification and other matters		' '
Total	1,50,000	1,00,000
I vote	8,00,000	7,35,000

#### 3.13 Brokerage and Scheme related expenses

- As per SEBI circular dated 22 October 2018, in terms of Regulation 52(1) of SEBI (Mutual Funds) Regulations, 1996, all scheme related expenses including commission paid to distributors, by whatever name it may be called shall necessarily be paid from the Scheme only within the regulatory limits and not from the books of Asset Management Companies(AMC), its associate, sponsor, trustee or any other entity through any route. Hence, no expenses have been accounted in the books of the Company from the date of the Circular.
- (b) In view of the above, previous figures are not comaprable in the current year.

#### 3.14 Transfer Pricing:

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

- 3.15 Balances of sundry creditors, advances and deposits are subject to confirmation and reconciliation/subsequent adjustment if any.
- 3.16 Figures have been rounded off to the nearest rupee.
- 3.17 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures. Figures in brackets pertain to previous year. (Refer 3.13 above)

As per our attached report of even date

For MGB & Co LLP

artered Accountants ration Number 101169W/W-100035

Saniay Koth Partner Membership Number 048215

Place: Mumbai Date: 23 April 2019

K P Nair Chairman

DIN: 02611496

Amit Bhaysar

CFO & COO

FCA 105890

Aiit Joshi

Company Secretary

Dilip Kumar M

DIN: 03313130

Managing Director & CEO