

DSP BLACKROCK MUTUAL FUND

www.dspblackrock.com

AUDITED FINANCIAL STATEMENTS

March 2012



TOLL FREE NUMBER
1800 200 4499



You can follow us on

**AUDITORS' REPORT
TO THE MEMBERS OF
DSP Blackrock Investment Managers Private Limited**

1. We have audited the attached Balance Sheet of **DSP Blackrock Investment Managers Private Limited** ("the Company") as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the

DHS

Deloitte Haskins & Sells

Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31 March 2012 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2012 from being appointed as a Director in terms of Section 274(1) (g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117366W)

P. B. Pardiwalla

P. B. Pardiwalla
Partner
(Membership No. 40005)

MUMBAI, 9 July 2012

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses (i c), (ii), (v), (vi), (viii), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

DHS

Deloitte Haskins & Sells

- (vi) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax and Income Tax which have not been deposited as on 31 March 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in 000's)
Service tax	Interest on delayed payment	Superintendent (Audit) Gr – V Central Excise	2006-07	2,412
Income Tax	Income tax demands	Commissioner of Income Tax (Appeals)	A.Y.'s 2003-04, 2007-08 and 2008-09	2210

- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (viii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

DHS

Deloitte Haskins & Sells

- (ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

P. B. Pardiwalla

P. B. Pardiwalla
Partner
(Membership No. 40005)

MUMBAI, 9 July 2012

Balance Sheet

Particulars		Note	As at 31 March, 2012	As at 31 March, 2011
			Rs. '000	Rs. '000
I	Equity and Liabilities			
1	Shareholders' funds			
	(a) Share capital	3	200,000	200,000
	(b) Reserves and surplus	4	2,464,150	1,959,419
2	Non-current liabilities			
	(a) Long-term borrowings	5	5,999	6,315
	(b) Long-term provisions	6	55,477	49,532
3	Current liabilities			
	(a) Trade payables	7	353,837	583,535
	(b) Other current liabilities	8	51,877	64,610
	(c) Short-term provisions	6	2,687	2,196
	Total		3,134,027	2,865,607
II	Assets			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	9	141,211	116,646
	(ii) Intangible assets	9	18,358	17,339
	(b) Non-current investments	10	367,304	35,059
	(c) Deferred tax assets (net)	11	60,149	56,573
	(d) Long-term loans and advances	12	246,812	203,610
2	Current assets			
	(a) Current investments	13	1,795,246	1,852,674
	(b) Trade receivables	14	239,154	265,700
	(c) Cash and cash equivalents	15	35,322	17,628
	(d) Short-term loans and advances	12	91,895	66,560
	(e) Other current assets	16	138,576	233,818
	Total		3,134,027	2,865,607
	Significant accounting policies	2		
	See accompanying notes to financial statements			

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

sd/-

P. B. Pardiwalla
Partner

Mumbai
9 July, 2012

For and on behalf of the Board of Directors

sd/-

Hemendra Kothari
Chairman

sd/-

K.R.V.Subrahmanian
Director

Pritesh Majmudar
Company Secretary

Mumbai
9 July, 2012

DSP BlackRock Investment Managers Private Limited

Statement of Profit and Loss

Particulars		Note	For the year ended	For the year ended
			31 March, 2012	31 March, 2011
			Rs. '000	Rs. '000
	Revenue			
I	Revenue from operations (net of service tax)	17	2,062,680	2,137,858
II	Other income	18	138,622	80,618
III	Total Revenue		2,201,302	2,218,476
	Expenses			
	Employee benefits expense	19	620,131	651,768
	Finance costs	20	1,170	829
	Depreciation and amortisation expense	9	74,285	42,571
	Other expenses	21	819,662	862,643
	Total Expenses		1,515,248	1,557,811
V	Profit before tax		686,054	660,665
	Tax expense			
	(a) Current tax		184,899	202,021
	(b) Deferred tax		(3,576)	(10,404)
VII	Profit for the year		504,731	469,048
	Earnings per equity share (of Rs. 10/- each)			
	Basic (in Rs.)		25.24	23.45
	Diluted (Refer Note 28)			
	Significant accounting policies	2		
	See accompanying notes to financial statements			

In terms of our report attached.

For **Deloitte Haskins & Sells**

Chartered Accountants

sd/-

P. B. Pardiwalla

Partner

Mumbai

9 July, 2012

For and on behalf of the Board of Directors

sd/-

Hemendra Kothari

Chairman

sd/-

K.R.V.Subrahmanian

Director

Pritesh Majmudar

Company Secretary

Mumbai

9 July, 2012

DSP BlackRock Investment Managers Private Limited

Cash Flow Statement

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flow from operating activities				
Profit before tax from continuing operations		686,054		660,665
Adjustments for:				
Depreciation/amortization on continuing operation	74,285		42,571	
(Profit) / loss on sale / write off of assets	(512)		152	
Interest expense	1,170		829	
Interest income	(688)		(364)	
Dividend income	(48,507)		(57,283)	
Net gain on sale of investments	(82,411)	(56,663)	(21,995)	(36,090)
Operating profit before working capital changes		629,391		624,575
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables		26,546		(43,855)
Short-term loans and advances		(25,335)		(16,441)
Long-term loans and advances		(12,715)		(2,504)
Other current assets		95,242		(21,183)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables		(229,698)		188,929
Other current liabilities		(13,500)		15,944
Long-term provisions		5,945		2,577
Short-term provisions		491		2,196
Cash generated from operations		476,367		750,238
Direct taxes paid		(215,386)		(287,309)
Net cash flow from operating activities (A)		260,981		462,929
Cash flows from investing activities				
Purchase of fixed assets, including tangible assets, CWIP		(93,700)		(98,856)
Capital advances		(6,745)		(2,294)
Proceeds from sale of fixed assets		1,088		1,474
Purchase of trade investments		(12,245)		(20,342)
Purchase of other investments		(320,000)		-
Purchase of current investments		(3,766,777)		(2,152,016)
Proceeds from sale/maturity of current investments		3,906,616		1,737,515
Interest income		688		364
Dividend income		48,507		57,283
Net Cash flow used in investing activities (B)		(242,568)		(476,872)

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

1. BACKGROUND OF THE COMPANY

DSP BlackRock Investment Managers Private Limited (“the Company”) was incorporated in India on May 13, 1996. The Company operates as an ‘Asset Management Company’ for schemes of DSP BlackRock Mutual Fund, registered with the Securities and Exchange Board of India (SEBI) in India. The Company also renders non-binding investment management advisory services to offshore asset management entities.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 (“The Act”).

The Ministry of Corporate Affairs revised Schedule VI to the Act for financial years commencing on or after 1 April 2011. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the comparative financial information for the previous year have accordingly been prepared and presented with disclosures as required under the Revised Schedule VI.

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

c) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered bank balances.

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

d) Revenue Recognition

Revenue is recognised as the services are performed, when it is earned and no significant uncertainty exists as to its realisation or collection.

Fees from mutual fund operations:

Investment management fees are recognized net of service tax on an accrual basis as a percentage of the average daily net assets of the schemes of DSP BlackRock Mutual Fund (excluding investments made by the Company in the schemes), such that it does not exceed the rates prescribed by the Securities and Exchange Board of India ('SEBI') (Mutual Fund) Regulations, 1996 (the 'SEBI Regulations') on an annual basis.

Advisory fees are computed in accordance with the relevant agreements and are based on the NAV of the funds as computed and provided by independent third party fund accountants / custodians.

e) Fixed Assets and Depreciation / Amortisation

Fixed Assets are stated at their cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use.

Assets costing less than Rs.5000/- are depreciated at 100%. Depreciation on assets is provided, prorata for the period of use, by the written down value method at the rates prescribed in Schedule XIV to the Act except as follows:

- Leasehold improvements were amortized over the lease period till March 31, 2011. From April 1, 2011, leasehold improvements are amortized over the lower of the lease period and estimate of the useful life of the asset. Consequently, the amortization charge for the year is higher by Rs.12,215 thousands.
- Furniture and Fixtures are depreciated on a straight line basis over a period of 3 years.
- Computers and allied equipments are depreciated on a straight line basis over a period of 4 years.

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

The Company capitalizes software costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management's estimate of its useful life of 3 years.

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

Assets acquired under finance lease are accounted for in accordance with Accounting Standard 19 on Leases at the lower of the fair value of the asset and the present value of minimum lease payments.

f) Foreign Currency Transactions

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of the transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

g) Investments

Investments are classified as current or long term.

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Long term investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments.

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

h) Employee Benefits

Compensation to employees for services rendered is measured and accounted for in accordance with AS-15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense in the Statement of Profit and Loss for the period in which the service is rendered.

Employee Benefits under defined benefit plans and other long term employee benefits such as gratuity and compensated absences which fall due for payment after completion of employment or after a period of twelve months from rendering service, are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligations recognized in the Balance Sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

i) Operating Leases

Operating lease payments are recognized as expense in the Statement of Profit and Loss on a straight-line basis, which is representative of the time pattern of the user's benefit.

j) Earnings Per Share

The Company reports basic and diluted Earnings per share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

k) Tax Expense

Tax expenses are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Tax expenses comprise of both current and deferred tax.

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates and tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations.

The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

l) Provisions and Contingent Liabilities

Contingent Liabilities as defined in Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provisions are made if it becomes probable that an outflow of future economic benefits will be required to settle the obligation.

3 Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Rs '000	Number of shares	Rs '000
(a) Authorised				
Equity shares of the par value of Rs.10 each	30,000,000	300,000	30,000,000	300,000
(b) Issued and subscribed				
Equity shares of Rs.10 fully paid up	20,000,000	200,000	20,000,000	200,000
(c) Reconciliation of number of shares outstanding at the beginning and end of the year				
Equity shares				
Outstanding at the beginning and end of the year	20,000,000		20,000,000	
(d) Rights attached to equity shares				
The company has a single class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the assets of the company, in proportion to their shareholding.				
(e) Shareholders holding more than 5% equity shares in the company are set out below	Number of shares	% Holding	Number of shares	% Holding
DSP HMK Holdings Private Ltd	3,999,984	20.00%	3,999,984	20.00%
DSP ADIKO Holdings Private Ltd	8,000,000	40.00%	8,000,000	40.00%
BlackRock Advisors Singapore Pte Ltd.	8,000,000	40.00%	8,000,000	40.00%

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

4 Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
(a) General reserve		
As per last Balance Sheet	2,400	2,400
(b) Surplus in Statement of Profit and Loss		
As per last Balance Sheet	1,957,019	1,487,971
Add: Profit for the year	504,731	469,048
Closing balance	2,461,750	1,957,019
Total	2,464,150	1,959,419

5 Long-term borrowings (Secured)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Long-term maturities of finance lease obligations		
From banks	5,999	6,315
Total	5,999	6,315
Details of security :		
Secured against hypothecation of vehicles acquired under Auto Loan Scheme		
Terms of repayment :		
Repayable in 36 / 48 equated monthly instalments beginning from the month subsequent to the disbursement		

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

6 Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2012	As at 31 March, 2011
	Non-current (Long-term provisions)		Current (Short-term provisions)	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Provision for employee benefits				
(i) Gratuity	38,772	35,002	881	699
(ii) Compensated absences	16,705	14,530	1,806	1,497
Total	55,477	49,532	2,687	2,196

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

7 Trade payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Trade payables		
Sundry Creditors	353,837	583,535
Based on the intimations / confirmations received from the "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, no balance is due to be payable as at the year end and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.		
Total	353,837	583,535

8 Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
(a) Current maturities of finance lease obligations (Refer Note 5)	4,543	3,776
(b) Other payables		
(i) Statutory dues	38,652	55,033
(ii) Payables on purchase of fixed assets	8,682	5,801
Total	51,877	64,610

Notes to financial statements

9 Fixed Assets (Refer Note 2 (e))

	Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
		Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Tangible Assets										
(a)	Office Equipment	48,277	26,896	5,847	69,326	28,190	10,682	5,682	33,190	36,136	20,087
(b)	Furniture and Fixtures	4,565	4,072	654	7,983	2,636	1,427	654	3,409	4,574	1,929
(c)	Vehicles										
	(i) Owned	4,500	-	-	4,500	1,934	664	-	2,598	1,902	2,566
	(ii) Taken under finance lease	14,951	5,088	2,339	17,700	4,780	3,429	1,668	6,541	11,159	10,171
(d)	Computers and Allied Equipments	96,216	10,646	13,157	93,705	74,447	10,450	13,151	71,746	21,959	21,769
(e)	Leasehold improvements	111,080	41,893	13,521	139,452	50,956	36,802	13,787	73,971	65,481	60,124
	Tangible Assets Total (A)	279,589	88,595	35,518	332,666	162,943	63,454	34,942	191,455	141,211	116,646
	Intangible Assets										
(a)	Computer software	38,062	11,850	392	49,520	20,723	10,831	392	31,162	18,358	17,339
	Intangible Assets Total (B)	38,062	11,850	392	49,520	20,723	10,831	392	31,162	18,358	17,339
	Total (A+B)	317,651	100,445	35,910	382,186	183,666	74,285	35,334	222,617	159,569	133,985
	Previous year	231,076	101,150	14,575	317,651	154,044	42,571	12,949	183,666	133,985	-

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

10 Non-current investments

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Long term investments		
Trade Investments		
Equity Instruments - Unquoted (Valued at cost)		
Investment in a 100% Subsidiary Company 999,750 Equity Shares (Previous year - 749,750) of USD 1 each, fully paid up in DSP BlackRock Investment Managers (Mauritius) Ltd.	47,304	35,059
Other Investments		
Units of mutual funds - Quoted (Valued at cost)	No. of units	
DSP BlackRock FMP - Series 38 - 12.5M - Growth	15,000,000	150,000
DSP BlackRock FTP - Series 5 - 18M - Growth	7,000,000	70,000
DSP BlackRock FTP - Series 1 - 24M - Growth	10,000,000	100,000
		320,000
Total	367,304	35,059
Aggregate amount of quoted investments	320,000	-
Aggregate Fair value of quoted investments	325,857	-
Aggregate amount of unquoted investments	47,304	35,059

11 Deferred tax asset (net)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Major components		
Depreciation	21,786	13,016
Expenses allowable on payment basis	38,363	43,557
Total	60,149	56,573

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

12 Loans and advances (Unsecured, considered good)

Particulars	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2012	As at 31 March, 2011
	Non-current (Long-term loans and		Current (Short-term loans and	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital advances	6,745	2,294	-	-
Security deposits	33,645	25,536	12,295	4,222
Loans to employees	1,824	1,821	2,998	2,075
Advance to suppliers	-	-	2,177	-
Prepaid expenses	157	5	12,869	7,317
Advance income tax (net)	204,441	173,954	-	-
Interest receivable from income tax	-	-	6,021	-
Indirect tax balances/recoverables/credits	-	-	55,535	52,946
Total	246,812	203,610	91,895	66,560

Notes to financial statements

13 Current investments

Particulars	As at 31 March, 2012			As at 31 March, 2011				
	No. of units	Quoted	Unquoted	Total	No. units	Quoted	Unquoted	Total
		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
Investment in mutual funds (At lower of cost and fair value)								
DSP BlackRock Bond Fund - Monthly Dividend	9,666		100	100	9,666		100	100
DSP BlackRock Government Securities Fund - Monthly Dividend	9,997		101	101	9,997		101	101
DSP BlackRock Government Securities Fund - Growth	5,044		120	120	5,044		120	120
DSP BlackRock Government Securities Fund - Dividend	22,575		263	263	22,575		263	263
DSP BlackRock Income Opportunities Fund - Institutional Plan - Dividend	157		157	157	148		148	148
DSP BlackRock Income Opportunities Fund - Institutional Plan - Weekly Dividend	247		247	247	232		232	232
DSP BlackRock Strategic Bond Fund - Institutional Plan - Weekly Dividend	438		440	440	410		411	411
DSP BlackRock Strategic Bond Fund - Institutional Plan - Growth	899		911	911	899		911	911
DSP BlackRock Strategic Bond Fund - Institutional Plan - Monthly Dividend	188		192	192	176		179	179
DSP BlackRock Strategic Bond Fund - Institutional Plan - Dividend	253		256	256	237		240	240
DSP BlackRock Short Term Fund - Weekly Dividend	27,167		277	277	25,521		260	260
DSP BlackRock Liquidity Fund - Institutional Plan - Weekly Dividend	193,585		193,853	193,853	86,013		86,107	86,107
DSP BlackRock Liquidity Fund - Regular Plan - Growth	5,353		117	117	5,353		117	117
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	89		117	117	89		117	117
DSP BlackRock Money Manager Fund - Institutional Plan - Weekly Dividend	177,802		178,095	178,095	534,060		534,726	534,726
DSP BlackRock FMP - 12M Series 19 - Growth	15,000,000	150,000		150,000				
DSP BlackRock FMP - 12M Series 20 - Growth	12,000,000	120,000		120,000				
DSP BlackRock FMP - 12M Series 23 - Growth	10,000,000	100,000		100,000				
DSP BlackRock FMP - Series 12 - 12M - Growth	20,000,000	200,000		200,000				
DSP BlackRock FMP - Series 20 - 12M - Growth	25,000,000	250,000		250,000				
DSP BlackRock FMP - Series 23 - 12M - Growth	10,000,000	100,000		100,000				
DSP BlackRock FMP - Series 24 - 12M - Growth	5,000,000	50,000		50,000				
DSP BlackRock FMP - Series 34 - 12M - Growth	10,000,000	100,000		100,000				
DSP BlackRock FMP - Series 36 - 12M - Growth	5,000,000	50,000		50,000				
DSP BlackRock FMP - Series 39 - 12M - Growth	10,000,000	100,000		100,000				
DSP BlackRock FMP - 13M Series 4 - Growth	20,000,000	200,000		200,000				
DSP BlackRock Strategic Bond Fund - Regular Plan - Daily Dividend					108		108	108
DSP BlackRock Strategic Bond Fund - Institutional Plan - Daily Dividend					108		108	108
DSP BlackRock Treasury Bill Fund - Monthly Dividend					2,786,422		28,319	28,319
DSP BlackRock Liquidity Fund - Regular Plan - Daily Dividend					10,732		107	107
DSP BlackRock FMP - 13M Series 4 - Growth					20,000,000	200,000		200,000
DSP BlackRock FMP - 12 M Series 5 - Growth					10,000,000	100,000		100,000
DSP BlackRock FMP - 12 M Series 6 - Growth					20,000,000	200,000		200,000
DSP BlackRock FMP - 12 M Series 7 - Growth					20,000,000	200,000		200,000
DSP BlackRock FMP - 12 M Series 9 - Growth					25,000,000	250,000		250,000
DSP BlackRock FMP - 12 M Series 10 - Growth					10,000,000	100,000		100,000
DSP BlackRock FMP - 12 M Series 15 - Growth					15,000,000	150,000		150,000
Total Book value		1,420,000	375,246	1,795,246		1,200,000	652,674	1,852,674
Fair value / Repurchase value		1,488,529	375,314	1,863,843		1,227,251	652,575	1,879,826

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

14 Trade receivables (Unsecured, considered good)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
Other trade receivables	239,154	265,700
Total	239,154	265,700

15 Cash and cash equivalents

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Balances with banks		
In current accounts	35,322	17,628
Total	35,322	17,628

16 Other current assets (Unsecured, considered good)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Rs. '000	Rs. '000
Contractually reimbursable expenses (Refer Sr. no. 12 of sub-clause (ii) of Note 26)	138,576	233,818
Total	138,576	233,818

17 Revenue from operations

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
Asset Management Fees	1,770,390	1,743,384
Offshore Advisory Fees	292,290	394,474
Total	2,062,680	2,137,858

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

18 Other income

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
(a) Interest income on staff loans	688	364
(b) Interest on income tax refund	6,021	-
(c) Dividend income from current investments	48,507	57,283
(d) Net gain on sale of current investments	82,411	21,995
(e) Other non-operating income		
(i) Profit on sale of fixed assets	512	-
(ii) Liabilities no longer required to be written back	423	-
(iii) Miscellaneous income	60	976
Total	138,622	80,618

19 Employee benefits expense

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
Salaries and wages	583,516	608,064
Contributions to provident fund	18,404	16,299
Staff welfare expenses	12,259	17,559
Provision for gratuity (Refer Note (a) below)	5,952	9,846
Total	620,131	651,768

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

Note : (a) Defined Benefit Plans : Gratuity

In assessing the Company's post retirement liabilities the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

The Company operates a non-funded gratuity plan for qualifying employees. Under the plan, the employees are entitled to gratuity benefits based on final salary at retirement. The Company makes provision in the books based on third party actuarial valuations.

The estimates of future salary increase, considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Particulars	Current Year	Previous Year
	Rs. '000	Rs. '000
i) Present value of obligation		
As at the beginning of the year	35,701	27,193
Service Cost	7,663	6,604
Interest Cost	3,570	2,785
Actuarial (gain) / loss on obligation	(5,281)	457
Benefits paid	(2,000)	(1,338)
As at the end of the year	39,653	35,701
ii) Amount recognized in Balance Sheet	39,653	35,701
iii) Expense during the year (included in Schedule 19 above)		
Service cost	7,663	6,604
Interest cost	3,570	2,785
Actuarial (gain) / loss	(5,281)	457
Total	5,952	9,846
iv) Principal actuarial assumptions		
Rate of Discounting	8.75% p.a.	8.30% p.a.
Rate of increase in salaries	7.00% p.a.	7.00% p.a.
Attrition Rate		
Age 21 - 44 years	1% p.a.	1% p.a.
Age 45 - 59 years	2% p.a.	2% p.a.

Amount recognised in the current year and previous four years

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	39,653	35,701	27,193	21,551	14,853
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(39,653)	(35,701)	(27,193)	(21,551)	(14,853)
Experience Adjustments on Plan Liabilities – Loss	(5,281)	457	(1,717)	(1,281)	317
Experience Adjustments on Plan Asset	-	-	-	-	-

DSP BlackRock Investment Managers Private Limited

Notes to financial statements

20 Finance costs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
(i) Finance charge on finance lease obligations	1,099	828
(ii) Interest on delayed payment of income tax	71	1
Total	1,170	829

21 Other expenses (Refer Note (a) below)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
1 Scheme expenses (Refer note (b) below)		
a Brokerage	346,162	331,003
b Advertising, publicity and others	41,861	166,156
c Others	4,447	3,225
2 Rent	117,665	99,169
3 Legal and professional fees	67,632	49,718
4 Office maintenance	35,068	21,604
5 Travelling and conveyance	25,395	25,362
6 Risk reporting fee	23,316	11,970
7 Rates, taxes and fees	18,532	11,564
8 Insurance	17,666	17,347
9 Power	13,994	13,133
10 Donations	2,787	2,344
11 Net loss on foreign currency transactions	2,511	6,442
12 Payments to auditors (Refer note (c) below)	1,619	1,796
13 Loss on fixed assets sold	-	152
14 Miscellaneous expenses	101,007	101,658
Total	819,662	862,643

Note : (a)

Other expenses are shown net of reimbursements. Refer Sr. no. 5 of sub-clause (ii) of Note 26)

Note : (b)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
Scheme expenses are shown net of expenditure reimbursed by the respective mutual fund schemes managed by the Company.	935,961	1,024,504
	935,961	1,024,504

Note : (c)

DSP BlackRock Investment Managers Private Limited**Notes to financial statements**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs. '000	Rs. '000
Payments to the auditors comprises (net of service tax input credit)		
As auditors - statutory audit	1,179	1,179
- tax audit	340	340
- For other services (certification)	100	275
Reimbursement of expenses	-	2
	1,619	1,796

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

22. Contingent Liabilities

	Current Year Rs.(‘000)	Previous Year Rs.(‘000)
Interest on claims in service tax matters contested by the Company.	2,412	2,412
Income tax matters contested by the Company	2,210	2,210

23. Capital Commitments

	Current Year Rs.(‘000)	Previous Year Rs.(‘000)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	9,406	2,398

24. Derivative Instruments & Unhedged Foreign Currency Exposure

There is no outstanding forward exchange contract as at 31 March 2012 and 31 March 2011.

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a) Amounts receivable in foreign currency are on account of the following:

	Current Year (‘000)		Previous Year (‘000)	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Trade receivables	USD 928	47,490	USD 1,063	47,474
	JPY 28,823	17,994	JPY 43,951	23,742
Other current assets	USD 459	23,473	Nil	Nil

DSP BlackRock Investment Managers Private Limited**Notes to Financial Statements**

b) Amounts payable in foreign currency on account of the following:

	Current Year ('000)		Previous Year ('000)	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Other current liability	USD 467	23,869	USD 246	11,970

25. Segment Reporting

The Company operates in a single reportable segment.

26. Related Party Disclosures**(i) List of Related Parties and their relationships**

Sr. No	Name of the Related Party	Relationship
1.	DSP BlackRock Investment Managers (Mauritius) Ltd.	Subsidiary
2.	DSP BlackRock Trustee Company Pvt. Ltd.	Associated enterprise
3.	BlackRock Advisors Singapore Pte. Ltd.	Associated enterprise
4.	DSP BlackRock Mutual Fund	Associated enterprise
5.	BlackRock India Equities Fund (Mauritius) Ltd.	Associated enterprise
6.	BlackRock (Hong Kong) Ltd.	Associated enterprise
7.	BlackRock Inc.	Associated enterprise
8.	Hemendra M. Kothari	Key Management Personnel
9.	Aditi Kothari	Relative of Key Management Personnel
10.	Reclamation Properties (India) Pvt. Ltd.	Associated enterprise
11.	BlackRock Financial Management, Inc	Associated enterprise

ii) Transactions during the year with Related Parties :

Sr no	Nature of Transaction	Subsidiary (Rs. '000)	Associated Enterprises		Key Management Personnel and their Relatives (Rs. '000)	Total (Rs. '000)
			DSP BlackRock Mutual Fund (Rs. '000)	Others (Rs. '000)		
Revenue						
1	Investment / Advisory Management Fees					
	Current Year	5,984	1,770,390	286,306 ⁽¹⁾	-	2,062,680
	Previous Year	2,421	1,743,384	392,053 ⁽¹⁾	-	2,137,858
Expenditure						
2	Rent					
	Current Year	-	-	64,042 ⁽²⁾	-	64,042
	Previous Year	-	-	30,214 ⁽²⁾	-	30,214
3	Risk reporting fee					
	Current Year	-	-	23,316 ⁽³⁾	-	23,316
	Previous Year	-	-	11,970 ⁽³⁾	-	11,970
4	Remuneration					
	Current Year	-	-	-	9,562	9,562
	Previous Year	-	-	-	10,033	10,033
5	Reimbursement / (Recovery) of expenses ⁽⁷⁾					
	Current Year	-	(1,032,365)	(56,340) ⁽⁴⁾	-	(1,088,705)
	Previous Year	-	(1,130,028)	(45,399) ⁽⁴⁾	-	(1,175,427)
Investments						
6	Purchases					
	Current Year	12,245	4,086,777	-	-	4,099,022
	Previous Year	20,342	2,152,016	-	-	2,172,358
7	Sales					
	Current Year	-	3,906,616	-	-	3,906,616
	Previous Year	-	1,737,515	-	-	1,737,515
8	Dividend on Units					
	Current Year	-	48,507	-	-	48,507
	Previous Year	-	57,283	-	-	57,283
Balances Outstanding as at 31 March 2012						
9	Investments					
	Current Year	47,304	2,115,246	-	-	2,162,550
	Previous Year	35,059	1,852,674	-	-	1,887,733
10	Investment / Advisory Management Fees Receivable					
	Current Year	1,401	173,670	64,083 ⁽⁵⁾	-	239,154
	Previous Year	2,421	194,484	68,795 ⁽⁵⁾	-	265,700
11	Expenditure Payable					
	Current Year	-	-	26,931 ⁽⁶⁾	-	26,931
	Previous Year	-	-	11,970 ⁽⁶⁾	-	11,970
12	Reimbursement Receivable					
	Current Year	-	115,103	23,473 ⁽⁴⁾	-	138,576
	Previous Year	-	233,818	- ⁽⁴⁾	-	233,818

		(Rs. '000)	(Rs. '000)
		Current Year	Previous Year
1	Offshore Advisory Fees		
	From BlackRock India Equities Fund (Mauritius) Ltd.	129,480	128,964
	From BlackRock (Hong Kong) Ltd.	156,826	263,089
2	Reclamation Properties (India) Pvt. Ltd.		
3	BlackRock Financial Management, Inc		
4	BlackRock, Inc		
5	Balance as at 31 March 2012 - Advisory Fees		
	From BlackRock India Equities Fund (Mauritius) Ltd.	28,595	38,952
	From BlackRock (Hong Kong) Ltd.	35,488	29,843
6	Expenditure Payable		
	Reclamation Properties (India) Pvt. Ltd.	3,615	-
	BlackRock Financial Management, Inc	23,316	11,970
7	Including service tax of :		
	DSP BlackRock Mutual Fund	(96,404)	(105,524)
	Others	(5,261)	(4,239)

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

27. Assets Taken on Lease

a. Disclosures in respect of Operating Leases

	Current Year Rs.('000)	Previous Year Rs.('000)
Lease payments recognised in the Statement of Profit and Loss during the year	117,665	99,169

Assets are taken on lease for the periods ranging from 3 to 9 years.

b. Disclosures in respect of Finance Leases

1. The total of minimum lease payments and their present value in respect of assets taken on finance lease are as follows:

	Due not later than one year		Due later than one year but not later than five years	
	Current Year Rs.('000)	Previous Year Rs.('000)	Current Year Rs.('000)	Previous Year Rs.('000)
Total minimum future lease payments	5,445	4,638	6,727	7,022
Less: Finance Charge on future lease payments	(902)	(861)	(728)	(707)
Present Value of lease payments	4,543	3,776	5,999	6,315

2. Assets are taken on lease for periods ranging from 3 to 4 years.

28. Earnings per share (EPS)

	Current Year	Previous Year
Net Profit (Rs '000)	504,731	469,048
Weighted average number of shares ('000)	20,000	20,000
Basic EPS (Rs.)	25.24	23.45
Face Value / Nominal Value per share (Rs.)	10	10

Note: There is no dilution to the basic EPS as there are no outstanding potentially dilutive equity shares.

DSP BlackRock Investment Managers Private Limited

Notes to Financial Statements

29. Earnings and expenditure in foreign currency

	Current Year Rs.('000)	Previous Year Rs.('000)
(i) Earnings in foreign currency		
Offshore Advisory fees	292,290	394,474
(ii) Expenditure in foreign currency		
Travel	2,259	2,879
Risk reporting fee	23,316	11,970
Others	2,781	1,434
(iii) Value of imported capital goods on CIF basis	8,420	4,144

30. Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

sd/-

sd/-

Hemandra Kothari

Chairman

K.R.V.Subrahmanian

Director

sd/-

Mumbai

9 July, 2012

Pritesh Majmudar

Company Secretary