



DSP BLACKROCK
INVESTMENT MANAGERS

14th ANNUAL REPORT

MARCH 2010

DSP BLACKROCK INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Balance Sheet as at 31 March 2010

	Schedule No.	As at 31.3.2010 Rs. '000	As at 31.3.2009 Rs. '000
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	200,000	200,000
(b) Reserves & Surplus	2	1,490,371	977,792
2. Loan Funds			
Secured Loans	3	6,193	6,831
		1,696,564	1,184,623
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	4	231,076	220,425
Less : Depreciation / Amortisation		154,044	123,063
Net Block		77,032	97,362
Capital Work in Progress		1,576	621
2. Investments			
	5	1,430,895	861,747
3. Deferred Tax Asset (net)			
	15	46,169	34,925
	II [note 9 (b)]		
4. Current Assets, Loans and Advances			
(a) Sundry Debtors	6	221,845	173,894
(b) Cash and Bank Balances	7	28,502	12,586
(c) Loans and Advances	8	486,082	305,543
	(A)	736,429	492,023
Less : Current Liabilities and Provisions			
(a) Current Liabilities	9	548,582	258,591
(b) Provisions	10	46,955	43,464
	(B)	595,537	302,055
Net Current Assets	(A - B)	140,892	189,968
		1,696,564	1,184,623

Significant accounting policies and notes to accounts

15

Schedules 1 to 15 annexed hereto form part of these accounts

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla

P. B. Pardiwalla
Partner

For and on behalf of the Board of Directors

Hemendra Kothari

Hemendra Kothari
Chairman

K.R.V. Subrahmanian
Director

Pritesh Rajmudar
Company Secretary

Mumbai
2 July, 2010

Mumbai
2 July, 2010

DSP BLACKROCK INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Profit and Loss Account for the year ended 31 March 2010

	Schedule No.	Current Year Rs. '000	Previous Year Rs. '000
INCOME			
Asset Management and Advisory Fees		1,718,973	1,438,848
Other Income	11 (A)	69,314 <u>1,788,287</u>	60,650 <u>1,499,498</u>
EXPENDITURE			
Scheme Expenses (net)	12	197,323	180,838
Referral Fee for Portfolio Management Services		407	16,923
Employee Costs	13	549,837	410,196
Administrative and Other Expenses	14	254,702	249,224
Depreciation / Amortisation		43,464	41,802
Interest Expenses		1,471	549
	(B)	<u>1,047,204</u>	<u>899,532</u>
PROFIT BEFORE TAXATION	(A - B)	741,083	599,966
Provision for Taxation (Refer Note 9 (a) of Schedule 15)		228,504	192,194
PROFIT AFTER TAXATION		512,579	407,772
BALANCE BROUGHT FORWARD		975,392	567,620
BALANCE CARRIED TO BALANCE SHEET		<u>1,487,971</u>	<u>975,392</u>
Earnings per share (Face value of Rs. 10 each)			
- Basic		25.63	20.39
- Diluted (Refer Note 11 of Schedule 15)			

Significant accounting policies and notes to accounts 15

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Company Secretary

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DSP BLACKROCK

INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Cash Flow Statement for the year ended 31 March 2010

	Current Year Rs '000	Previous Year Rs '000
A. Cash Flow from Operating Activities		
Profit Before Tax	741,083	599,966
Adjustments for :		
Depreciation	43,464	41,802
Loss on Sale of Fixed Assets	736	397
Dividend on Units	(35,892)	(41,111)
Interest on Auto Loan	1,471	549
Profit on Sale of Current Investments (net)	(29,781)	(10,830)
Operating Profit Before Working Capital Changes	721,081	590,773
Adjustments for :		
Trade Receivables	(47,951)	63,561
Other Receivables	(149,773)	24,851
Payables and Provisions	293,482	(278,636)
Cash Generated from Operations	816,839	400,549
Direct Taxes Paid	(270,514)	(160,623)
Net Cash Flow generated from Operating Activities	(A) 546,325	239,926
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(25,219)	(57,110)
Proceeds from Sale of Fixed Assets	394	1,035
Acquisition of Investments	(1,720,376)	(1,473,841)
Proceeds from Sale of Investments	1,226,776	1,296,205
Dividend received	3	1,090
Investment in subsidiary company	(9,878)	(4,839)
Net Cash used in Investing Activities	(B) (528,300)	(237,460)
C. Cash Flow from Financing Activities :		
Increase / (Decrease) in Secured Loans	(638)	1,752
Interest on Auto loan	(1,471)	(549)
Net Cash generated from / (used in) Financing Activities	(C) (2,109)	1,203
Net Increase in Cash and Cash Equivalents	(A+B+C) 15,916	3,669
Cash and Cash Equivalents as at the beginning of the year	12,586	8,917
Cash and Cash Equivalents as at the close of the year	28,502	12,586
Net Increase in Cash and Cash Equivalents	15,916	3,669

Schedules 1 to 15 annexed hereto form part of these accounts

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla

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P. Rajmud
P. Rajmud
Company Secretary

Mumbai
2 July, 2010

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DSP BLACKROCK INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Schedules annexed to and forming part of the accounts for the year ended 31 March 2010

	As at 31.3.2010 Rs. '000	As at 31.3.2009 Rs. '000
1. SHARE CAPITAL :		
Authorised		
30,000,000 (Previous year - 30,000,000) Equity Shares of Rs. 10/- each	<u>300,000</u>	<u>300,000</u>
Issued and Subscribed		
20,000,000 Equity Shares of Rs.10/- each, fully paid up	<u>200,000</u>	<u>200,000</u>
	<u>200,000</u>	<u>200,000</u>
2. RESERVES AND SURPLUS :		
General Reserve		
Balance as per last Balance Sheet	2,400	2,400
Surplus in Profit and Loss Account	1,487,971	975,392
	<u>1,490,371</u>	<u>977,792</u>
3. SECURED LOANS :		
From Bank		
(Secured against hypothecation of vehicles acquired under Auto Loan Scheme)	6,193	6,831
	<u>6,193</u>	<u>6,831</u>

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DSP BLACKROCK INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Schedules annexed to and forming part of the accounts for the year ended 31 March 2010

4. FIXED ASSETS :

Description	Gross Block (At Cost)			Depreciation/ Amortisation			Net Block	
	As on 1.4.2009 Rs. '000	Additions/ (Deductions) Rs. '000	As on 31.3.2010 Rs. '000	As on 1.4.2009 Rs. '000	Additions/ (Deductions) Rs. '000	Upto 31.3.2010 Rs. '000	As on 31.3.2010 Rs. '000	As on 31.3.2009 Rs. '000
<u>Tangible Assets</u>								
Leasehold Improvements	68,437	1,797 (293)	69,941	31,825	14,470 (284)	46,011	23,930	36,612
Equipments	35,963	3,698 (550)	39,111	19,111	7,267 (502)	25,876	13,235	16,852
Computers & Allied Equipment	77,445	4,950 (914)	81,481	52,897	11,713 (891)	63,719	17,762	24,548
Vehicles *	10,991	6,523 (1,720)	15,794	3,727	3,106 (1,108)	5,725	10,069	7,264
<u>Intangible Assets</u>								
Software	27,589	7,296 (10,136)	24,749	15,503	6,908 (9,698)	12,713	12,036	12,086
Total	220,425	24,264 (13,613)	231,076	123,063	43,464 (12,483)	154,044	77,032	97,362
Previous Year	163,607	61,962 (5,144)	220,425	84,973	41,802 (3,712)	123,063		97,362
Capital Work in Progress							1,576	621

* Acquired on Hire Purchase

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DSP BLACKROCK

INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Schedules annexed to and forming part of the accounts for the year ended 31 March 2010

	As at 31.3.2010 Rs. '000	As at 31.3.2009 Rs. '000
5. INVESTMENTS : (unquoted) Long Term (Trade) (at cost) :		
Shares in wholly owned subsidiary company : 299,905 (Previous year - 99,954) Equity Shares of USD 1 each fully paid up in DSP BlackRock Investment Managers (Mauritius) Ltd.	14,717	4,839
Current Investments [(Non-trade) (at lower of cost and fair value)] (As per Annexure A)	1,416,178	856,908
	1,430,895	861,747
6. SUNDRY DEBTORS : (Unsecured, considered good)		
Debts outstanding for a period of less than six months	221,845	173,894
	221,845	173,894
7. CASH AND BANK BALANCES :		
Balances with Scheduled Banks - On Current Accounts	28,502	12,586
	28,502	12,586
8. LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
Advance to subsidiary company	-	4,710
Advances recoverable in cash or in kind or for value to be received	326,796	192,953
Service tax input credit	40,892	14,633
Premises and other deposits	26,061	24,127
Loans and advances to employees		
- Considered Good	3,667	11,220
- Considered Doubtful	688	688
Less : Provision for doubtful advances	688	688
	3,667	11,220
Advance payment of Income Tax (net of provisions)	88,666	57,900
	486,082	305,543
9. CURRENT LIABILITIES :		
Sundry Creditors (Refer Note below) Total outstanding dues of creditors other than micro enterprises and small enterprises.	503,692	207,551
Other Liabilities	44,890	51,040
	548,582	258,591
Note:		
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 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.		
10. PROVISIONS :		
Gratuity (Refer Note 6 (b) of Schedule 15)	27,192	21,551
Leave Encashment	19,763	21,913
	46,955	43,464

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DSP BLACKROCK INVESTMENT MANAGERS

DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Schedules annexed to and forming part of the accounts for the year ended 31 March 2010

	Current Year Rs. '000	Previous Year Rs. '000
11. OTHER INCOME:		
Dividend on Units (Current Investments)	35,892	41,111
Profit on Sale of Current Investments (net)	29,781	10,830
Foreign Exchange Gain (net)	-	7,406
Interest Income	440	452
Other Miscellaneous Income	3,201	851
	69,314	60,650
12. SCHEME EXPENSES (net):		
Brokerage	154,233	123,342
Advertising, Publicity and others	42,855	47,737
Finance Charges	235	9,759
	197,323	180,838
Note:		
Scheme expenses are shown net of expenditure reimbursed - Rs. 1,208,006,775/- (Previous Year - Rs. 1,343,783,482/-) by the respective Mutual Fund schemes managed by the Company. The amount reimbursed includes Rs. 6,457,618/- (Previous Year - Rs. 10,087,121/-) incurred in the previous year.		
13. EMPLOYEE COSTS :		
Salaries and Bonus	514,408	372,294
Contribution to Provident fund	14,762	14,322
Staff welfare expenses	11,498	11,850
Stipend to Trainees	9,169	11,730
	549,837	410,196
14. ADMINISTRATIVE AND OTHER EXPENSES (net) :		
Rent	72,585	67,491
Professional fees	38,366	46,191
SEBI registration and filing fees	442	6,981
Infrastructure & Technology Cost	12,573	10,478
Directors' sitting fees	2,025	525
Electricity	11,744	10,434
Foreign Exchange Loss (Net)	6,711	-
Insurance	16,411	15,856
Loss on Fixed Assets Sold / Discarded	736	397
Mailing expenses	8,834	10,907
Rates & Taxes	2,575	1,802
Repairs & Maintenance - others	15,316	13,414
Travelling expenses	11,023	10,179
Provision for Doubtful Advances	-	688
Miscellaneous expenses	55,361	53,881
	254,702	249,224

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DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Schedules annexed to and forming part of the accounts for the year ended 31 March 2010

Annexure : A TO SCHEDULE 5

	As at 31 st March, 2010		As at 31 st March, 2009	
	No.	Book Value Rs. '000	No.	Book Value Rs. '000
1 Current Investments (Quoted) (at lower of cost and fair value)				
DSP BlackRock Bond Fund - Retail - Monthly Dividend Option	9,666	100	9,666	100
DSP BlackRock Govt Sec. Fund - Plan A - (Longer Duration Plan) - Monthly Dividend Option	9,997	101	748,837	7,600
DSP BlackRock Govt Sec. Fund - Plan A - Longer Duration Plan - Growth Option	5,044	120	104,744	2,500
DSP BlackRock Cash Plus Fund - Retail - Growth Option	-	-	100	100
DSP BlackRock Cash Plus Fund - Institutional - Growth Option	-	-	100	100
DSP BlackRock Fixed Term Plan - 13 M Series 1 Institutional Growth	-	-	5,000,000	50,000
DSP BlackRock Fixed Term Plan - 12 1/2 M Series 1 Institutional Growth	-	-	5,000,000	50,000
DSP BlackRock Fixed Term Plan - 15 M Series 2 Institutional Growth	-	-	15,000,000	150,000
DSP BlackRock Govt Sec. Fund - Plan B - (Shorter Duration Plan) - Dividend Option	1,299,818	13,145	1,025,018	10,366
DSP BlackRock Liquidity Fund - Regular Plan - Daily Dividend	10,228	102	-	-
DSP BlackRock Floating Rate Fund - Institutional Plan - Dividend	96,649	96,661	-	-
DSP BlackRock Floating Rate Fund - Institutional Plan - Weekly Dividend	427,729	428,049	-	-
DSP BlackRock Strategic Bond Fund - Institutional Plan - Weekly Dividend	232,029	232,837	182,325	182,940
DSP BlackRock Cash Manager Fund - Institutional Plan - Weekly Dividend	-	-	156,739	156,871
DSP BlackRock Strategic Bond Fund - Institutional Plan Growth	212,606	215,293	212,606	215,292
DSP BlackRock Strategic Bond Fund - Institutional Plan - Monthly Dividend	25,430	25,835	101	101
DSP BlackRock Strategic Bond Fund - Institutional Plan - Dividend	21,333	21,605	102	102
DSP BlackRock Fixed Term Plan - 6 M Series 7- Institutional Growth	-	-	3,063,205	30,636
DSP BlackRock Strategic Bond Fund - Regular Plan - Daily Dividend	103	103	100	100
DSP BlackRock Strategic Bond Fund - Institutional Plan - Daily Dividend	104	104	100	100
DSP BlackRock Short Term Fund - Weekly Dividend	9,981,438	101,702	-	-
DSP BlackRock Liquidity Fund - Institutional Weekly Dividend	280,071	280,187	-	-
DSP BlackRock Liquidity Fund - Regular Plan - Growth	5,353	117	-	-
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	89	117	-	-
		1,416,178		856,908
Aggregate of Book Value		1,416,178		856,908
Aggregate of Fair Value of Units		1,430,365		886,177

2 Units bought and sold during the year (Including dividend reinvested)

DSP BlackRock Strategic Bond Fund - Institutional - Weekly Dividend
DSP BlackRock Cash Manager - Institutional - Weekly Dividend
DSP BlackRock Liquidity Fund - Regular Plan - Daily Dividend
DSP BlackRock Fixed Term Plan - 6M Series 7 - Institutional Dividend

No of units	Cost in Rs.
785,866	788,663
754,131	754,695
102	102
47,265	472,741

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DSP BLACKROCK INVESTMENT MANAGERS

(Formerly DSP Merrill Lynch Fund Managers Limited)

Schedule 15: Significant Accounting Policies and Notes on Accounts

I. 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.

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) Fixed Assets, Intangible Assets, Depreciation, Amortisation and Impairment

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.

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, including furniture and fixtures, are depreciated over the lease period
- Computers and 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 reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

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Schedule 15: Significant Accounting Policies and Notes on Accounts

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 profit and loss account.

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.

d) 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 Profit and Loss Account.

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

e) Revenue Recognition

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

Asset Management fees are computed based on the previous day Net Asset Value (NAV) of the Mutual Fund Schemes managed by the Company in accordance with the SEBI regulations and the offer documents.

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DSP BLACKROCK INVESTMENT MANAGERS

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Schedule 15: Significant Accounting Policies and Notes on Accounts

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

f) 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 to the profit and loss account in 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 Profit and Loss Account.

g) 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 Profit and Loss Account.

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

Schedule 15: Significant Accounting Policies and Notes on Accounts

h) Borrowing cost

Borrowing cost attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

i) Income Tax

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

Current tax is measured at the amount expected to be paid/recovered from the taxation 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.

Fringe Benefits Tax (FBT) payable under the provisions of section 115 WC of the Income Tax Act, 1961 is, in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI, regarded as an additional income tax and considered in determination of the profits for the year. Tax on distributed profits, payable in accordance with the provisions of section 115 O of the Income Tax Act, 1961 is, in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.

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

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DSP BLACKROCK INVESTMENT MANAGERS

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Schedule 15: Significant Accounting Policies and Notes on Accounts

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) Operating leases

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

l) 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.

m) 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. Provision is made if it becomes probable that an outflow of future economic benefits will be required to settle the obligation.

II. NOTES TO ACCOUNTS:

Background:

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 (formerly DSP Merrill Lynch Mutual Fund), registered in India. The Company also renders non-binding investment management advisory services to offshore Asset Management entities and portfolio management services to domestic and non-resident entities.

With effect from 27 May, 2009 the company has converted into a Private Limited Company.

DSP BLACKROCK INVESTMENT MANAGERS

(Formerly DSP Merrill Lynch Fund Managers Limited)

Schedule 15: Significant Accounting Policies and Notes on Accounts

1. Contingent Liabilities

	Current Year Rs.('000)	Previous Year Rs.('000)
Interest on outstanding dues contested with Service tax authorities.	2,412	2,412

2. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1,330,500/- (Previous Year – Rs. 140,235/-).

3. Managerial remuneration

	Current Year Rs.('000)	Previous Year Rs.('000)
Remuneration	-	1,423
Contribution to Provident Fund	-	72
Total	-	1,495

Note:

- Managerial remuneration excludes contributions to group schemes where the individual amounts are not ascertainable.

4. Payment to Auditors (including Service Tax)

	Current Year Rs.('000)	Previous Year Rs.('000)
a. As Auditors	1,183	1,075
b. Tax Audit fees	341	310
c. As advisor or in any other capacity: Certification etc.	22	34
d. As expenses	4	5

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Schedule 15: Significant Accounting Policies and Notes on Accounts

5. Derivative Instruments

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

Amounts receivable 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
Non-binding Offshore Advisory fees / Management fees	USD 1,589	72,134	USD 1,166	59,405
	JPY 55,038	26,660	JPY 36,865	19,122

6. Employee Benefits:

a) Defined Contribution Plan:

	Current Year (Rs.'000)	Previous Year (Rs.'000)
Company's contribution to Provident Fund	14,762	14,322

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Schedule 15: Significant Accounting Policies and Notes on Accounts

b) Defined Benefit Plans:

	Gratuity Current Year (Rs.'000)	Gratuity Previous Year (Rs.'000)
a) Liability recognized in the Balance Sheet		
i) Present value of obligation		
As at 1 April 2009	21,551	14,583
Service Cost	6,091	4,683
Interest Cost	2,185	1,675
Actuarial (gain) / loss on obligation	(1,717)	1,541
Benefits paid	(917)	(931)
As at 31 March 2010	27,193	21,551
Amount recognized in Balance Sheet	27,193	21,551
b) Expense during the year (included in Schedule 13 under Salaries and Bonus)		
Service cost	6,091	4,683
Interest cost	2,185	1,675
Actuarial (gain) / loss	(1,717)	1,541
Total	6,559	7,899
c) Principal actuarial assumptions		
Rate of Discounting	8.30% p.a.	7.95% p.a.
Rate of increase in salaries	7.00% p.a.	7.00% p.a.
Attrition Rate		
Age 21 – 44 years	2% p.a.	2% p.a.
Age 45 – 59 years	1% p.a.	1% p.a.

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.

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DSP BLACKROCK INVESTMENT MANAGERS

(Formerly DSP Merrill Lynch Fund Managers Limited)

Schedule 15: Significant Accounting Policies and Notes on Accounts

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

Other disclosures:

(Rs.'000)

	2009-10	2008-09	2007-08	2006-07
Defined Benefit Obligation	27,193	21,551	14,583	11,918
Plan Assets	-	-	-	-
Surplus / (Deficit)	(27,193)	(21,551)	(14,583)	(11,918)
Experience Adjustments on Plan Liabilities – Loss	12	1,281	317	2,695
Experience Adjustments on Plan Liabilities – Gain	-	-	-	-

7. Additional information pursuant to the requirements of Part II of Schedule VI of the Companies Act, 1956.

	Current Year Rs.('000)	Previous Year Rs.('000)
(i) Earnings in foreign currency		
Non-binding Offshore Advisory fees	223,696	221,412
Retrocession Fee	166,985	159,473
(ii) Expenditure in foreign currency		
Travel	1,831	562
Others	2,230	Nil

(iii) Value of imported capital goods on CIF basis Rs. 1,955,850/- (Previous Year – Rs. 1,537,022/-).

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DSP BLACKROCK INVESTMENT MANAGERS

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Schedule 15: Significant Accounting Policies and Notes on Accounts

8. Assets Taken on Lease

a. Disclosures in respect of Operating Leases

1. Lease payments recognised in the Profit and Loss Account amounts to Rs. 72,585,005/- (Previous Year – Rs. 67,491,323/-).
2. Assets are taken on lease for 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	3,162	3,130	4,053	5,005
Less: Finance Charge on future lease payments	(585)	(670)	436	(634)
Present Value of lease payments	2,577	2,460	3,617	4,371

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

9. a) Provision for Taxation includes:

	Current Year Rs. ('000)	Previous Year Rs. ('000)
Current Tax	239,748	175,266
Deferred Tax	(11,244)	12,822
Fringe Benefit Tax	-	4,106
Total	228,504	192,194

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DSP BLACKROCK INVESTMENT MANAGERS

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Schedule 15: Significant Accounting Policies and Notes on Accounts

b) The major components of the Deferred Tax Asset balance are set out below:

	Current Year Rs. ('000)	Previous Year Rs. ('000)
Depreciation	10,640	5,897
Expenses allowable on payment basis:		
Employee Benefits	35,529	28,794
Others	-	234
Total	47,169	34,925

9. 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.	Associate
3	BlackRock Advisors Singapore Pte. Ltd.	Associate
4	DSP BlackRock Mutual Fund	Associate
5	BlackRock India Equities Fund (Mauritius) Ltd.	Associate
6	BlackRock (Hong Kong) Ltd.	Associate
7	BlackRock Investment Management (UK) Ltd.	Associate
8	BlackRock (Channel Islands) Ltd.	Associate
9	BlackRock Inc.	Associate
10	Hemendra M. Kothari	Key Management Personnel
11	Aditi Kothari	Relative of Key Management Personnel

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DSP BlackRock Investment Managers Private Limited
(formerly DSP Merrill Lynch Fund Managers Limited)

Schedule 15: Significant Accounting Policies and Notes on Accounts

ii) Transactions during the year with Related Parties :

Sr no	Nature of Transaction	Subsidiary (Rs. '000)	Associates			Key Management Personnel and their Relatives (Rs. '000)	Total (Rs. '000)
			DSP Merrill Lynch Ltd (Rs. '000)	DSP BlackRock Mutual Fund (Rs. '000)	Others (Rs. '000)		
1	Revenue						
	Investment / Advisory Management Fees						
	Current Year	-	-	1,327,353	390,681 ⁽¹⁾	-	1,718,034
	Previous Year	-	-	1,029,212	380,885	-	1,410,097
2.	Expenditure						
	Broker Reallowance						
	Current Year	-	-	-	-	-	-
	Previous Year	-	76,118	-	-	-	76,118
3	Rent						
	Current Year	-	-	-	-	-	-
	Previous Year	-	27,741	-	-	-	27,741
4	Referral Fees						
	Current Year	-	-	-	-	-	-
	Previous Year	-	8,726	-	-	-	8,726
5	Remuneration						
	Current Year	-	-	-	-	14,007	14,007
	Previous Year	-	-	-	-	1,495	1,495
6	Reimbursement / (Recovery) of expenses (net)						
	Current Year	-	-	(1,208,007)	(72,818) ⁽³⁾	-	(1,280,825)
	Previous Year	(4,710)	8,982	(1,343,783)	60,346 ⁽³⁾	-	(1,279,165)
7	Investments						
	Purchases						
	Current Year	9,878	-	1,797,400	-	-	1,807,278
	Previous Year	4,839	-	2,549,825	-	-	2,554,664
	Sales						
	Current Year	-	-	1,448,800	-	-	1,448,800
	Previous Year	-	-	2,332,173	-	-	2,332,173
8	Dividend on Units						
	Current Year	-	-	35,892	-	-	35,892
	Previous Year	-	-	41,111	-	-	41,111
9	Balances Outstanding as at 31 March 2010						
	Investments						
	Current Year	14,717	-	1,416,178	-	-	1,430,895
	Previous Year	4,839	-	856,908	-	-	861,747
10	Investment / Advisory Management Fees Receivable						
	Current Year	-	-	123,051	98,794 ⁽²⁾	-	221,845
	Previous Year	-	-	93,711	78,527	-	172,238
11	Expenditure / Referral Fees / Reimbursement Receivable/ (Payable)						
	Current Year	-	-	274,137	44,333 ⁽³⁾	-	318,470
	Previous Year	4,710	(9,646)	107,651	60,346 ⁽³⁾	-	163,061

Note: Figures in brackets, against balance outstanding, indicate amounts payable by the company to the related party.

- Non-binding Offshore Advisory Fees / Management Fee (Rs.'000)
From BlackRock India Equities Fund (Mauritius) Ltd (erstwhile Merrill Lynch Investment Managers (Asia) Limited) is Rs.96,316/- (Prev Year - Rs. 105,863/-)
From BlackRock (Hong Kong) Ltd (erstwhile Merrill Lynch Investment Managers (Asia) Limited) is Rs.127,380/- (Prev Year - Rs.115,549/-)
From BlackRock (Channel Islands) Ltd is Rs. 166,985/- (Prev Year - Rs 159,473)
- Balance as at 31 March 2010 - Advisory Fees (Rs.'000)
From BlackRock India Equities Fund (Mauritius) Ltd is Rs.25,057/- (Prev Year - Rs. 15,085/-)
From BlackRock (Hong Kong) Ltd (erstwhile Merrill Lynch Investment Managers (Asia) Limited) is Rs.32,019/- (Prev Year - Rs.19,122/-)
From BlackRock (Channel Islands) Ltd is Rs. 41,716/- (Prev Year - Rs 44,320)
- BlackRock, Inc

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DSP BLACKROCK INVESTMENT MANAGERS

(Formerly DSP Merrill Lynch Fund Managers Limited)

Schedule 15: Significant Accounting Policies and Notes on Accounts

10. Earnings per share (EPS):

	Current Year	Previous Year
Net Profit (Rs '000)	513,652	407,772
Weighted average number of shares ('000)	20,000	20,000
Basic EPS (Rs.)	25.63	20.39
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.

11. Segment Reporting

The Company operates in a single business and geographical segment.

12. Comparatives

Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to figures of the current year.

Signatures to Schedules 1 to 15

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants


P. B. Pardiwalla

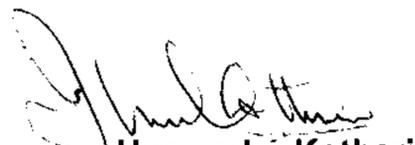
Partner

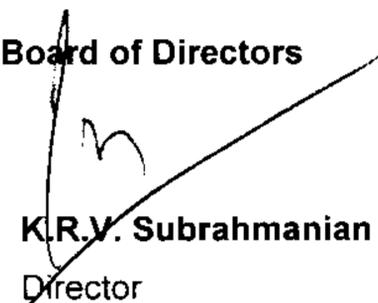
Membership No. 40005

Mumbai

2 July 2010

For and on behalf of the Board of Directors


Hemandra Kothari
Chairman


K.R.V. Subrahmanian
Director


Pritesh Majmudar
Company Secretary

Mumbai

2 July 2010

DSP BLACKROCK INVESTMENT MANAGERS

(Formerly DSP Merrill Lynch Fund Managers Limited)

Schedule 15: Significant Accounting Policies and Notes on Accounts

Information pursuant to part IV of schedule VI to the Companies Act, 1956:

I. Registration Details

9 9 4 8 3 State Code 1 1 (Refer Code List)

Balance Sheet Date 3 1 0 3 2 0 1 0
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue
[][][][][][] N I L	[][][][][][] N I L
Bonus Issue	Private Placement
[][][][][][] N I L	[][][][][][] N I L

III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
[][] 1 6 9 6 5 6 4	[][] 1 1 8 4 6 2 3

Sources of Funds

Paid-up Capital	Reserves & Surplus
[][] 2 0 0 0 0 0	[][] 1 4 9 0 3 7 1
Secured Loans	Unsecured Loans
[][][][] 6 1 9 3	[][][][] N I L

DSP BLACKROCK INVESTMENT MANAGERS

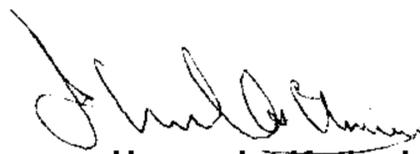
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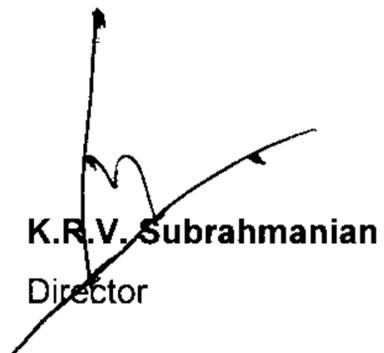
Schedule 15: Significant Accounting Policies and Notes on Accounts

V. Generic Names of three Principle Products / Services of Company (as per Monetary terms)

Product Description	Item Code No.
I N V E S T M E N T	N O T
M A N A G E M E N T	A P P L I C A B L E
S E R V I C E S	

For and on behalf of the Board of Directors


Hemendra Kothari
Chairman


K.R.V. Subrahmanian
Director


Pritesh Majmudar
Company Secretary

Mumbai
2 July 2010