

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the **Second Annual Report** of your Company together with the Audited Statement of Accounts for the financial year, April 1, 2010 to March 31, 2011.

### FINANCIAL RESULTS

A summary of the financial performance of the Company for the financial year ended on March 31, 2011 is given below:

Particulars	Amount (Rs. In Lakhs)	
	Financial Year Ended on 31.03.2011	January 13, 2009 to March 31, 2010
Gross Income	2,805.00	482.59
Expenses	7,349.48	5543.30
<b>Profit/(Loss) before Tax</b>	<b>(4,544.48)</b>	<b>(5060.71)</b>
Provision for Taxation	0.00	0.02
<b>Profit/(Loss) after Tax</b>	<b>(4,544.48)</b>	<b>(5060.73)</b>
Profit available for appropriation	(4,544.48)	(5060.73)
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	-	-
Transfer to Contingency Reserve	-	-
Balance Profit /(Loss) Carried Forward	(9605.21)	(5060.73)

As on March 31, 2011 the issued share capital of the Company was Rs. 124,00,00,000 divided into 12,40,00,000 equity shares of Rs. 10/- each.

### DIVIDENDS

Since the Company does not have any profits available for distribution, your directors do not recommend any dividend for the financial year ended March 31, 2011.

### OPERATIONS (HIGHLIGHTS OF THE PERFORMANCE)

#### MUTUAL FUND ACTIVITY

Axis Mutual Fund strengthened its product portfolio this year with the launch of 4 open ended products.

Axis Income Saver and Axis Triple Advantage Fund were innovative products and received a very good response from investors. They collected close to Rs 875 crores collectively in their launches. Both the products focused on risk adjusted returns through different modes of risk management.

Axis Income Saver manages risk through an active quantitative asset allocation strategy that changed the allocation between equity and fixed income at regular intervals. The quantitative tool has a target of limiting the downside to 5% in a calendar year (no guarantee assured). Axis Triple Advantage Fund manages risk by diversifying across 3 asset classes of Equity Fixed income and Gold.

Axis Mutual Fund now has three products in equities, two products in hybrid, two products in debt, one liquid fund and a gold ETF (open ended funds).

All products in the portfolio continue to have a well-articulated risk management process.

Axis Mutual Fund was ranked 16<sup>th</sup> as per AMFI data as on 31<sup>st</sup> March 2011 (Quarterly Average AUM) making it among fastest growing mutual funds of the year.

The average Asset Under Management (monthly) of Axis Mutual Fund as on March 31, 2011 was Rs. 7701.48 Crores.

Details of products/schemes launched and allotted during the year

Sr. No.	Name of the Scheme	Scheme Type	Date of Allotment	Funds Mobilised During NFO (Rs. in Crores).	Net Asset as on March 31, 2011 (Rs. In Crores)
1	Axis Fixed Term Plan – Series 3 (3 Months)	Close Debt	9 <sup>th</sup> June 2010	78.67	Matured
2	Axis Fixed Term Plan – Series 4 (3 Months)	Close Debt	16 <sup>th</sup> June 2010	20.24	Matured
3	Axis Income Saver	Open Income	16 <sup>th</sup> July 2010	446.28	437.24
4	Axis Triple Advantage Fund	Open Hybrid	23 <sup>rd</sup> August 2010	428.25	517.70
5	Axis Gold ETF	Open ETF	10 <sup>th</sup> November 2010	67.91	164.40
6	Axis Fixed Term Plan – Series 11 ( 371 Days)	Close Debt	18 <sup>th</sup> January 2011	42.66	43.44
7	Axis Fixed term Plan – Series 12 (367 Days)	Close Debt	9 <sup>th</sup> February 2011	11.25	11.43
8	Axis Midcap Fund	Open Equity	18 <sup>th</sup> February 2011	166.13	165.89
9	Axis Fixed term Plan – Series 13 (370 Days)	Close Debt	23 <sup>rd</sup> March, 2011	272.87	275.05

Operations and Customer Service

The AMC registered an impressive growth in terms of assets and number of investors this year. The AMC remains committed to its three pillars that comprise its business philosophy of

1. Outside view (Speak the Consumer's language)
2. Long-term relationships
3. Enduring wealth creation

In line with the above objectives the AMC re-coined the SIP acronym as Sleep-in-Peace. The Mutual Fund as at 31 March 2011 had over 305,000 active investors including more than 75,000 registered Sleep-in-Peace accounts.

The AMC continues to invest in initiatives that help our investors relax. The AMC this year revamped its entire call centre flow and further introduced Hindi as a language option.

The company has invested in a complaint and query management software towards ensuring timely redressal. The AMC worked extensively this year to get more investors KYC certified and during the year got more than 47,000 investors certified.

The AMC has 29 official transaction points which also double up as Point of service centres as at 31 March 2011.

Performance of the schemes of Axis Mutual Fund as on March 31, 2011

Sr. No.	Name of the Scheme	Inception Date	Returns since inception (%)	Benchmark returns (%)	One Year Return (%)	Benchmark returns (%)
1	Axis Liquid Fund – Institutional Plan  Benchmark: Crisil Liquid Fund Index	9 <sup>th</sup> October, 2009	5.80	5.25	6.60	6.21
2	Axis Liquid Fund – Retail Plan  Benchmark: Crisil Liquid Fund Index	1 <sup>st</sup> March, 2010 (plan launched on 2 <sup>nd</sup> March 2010)	6.23	6.11	6.40	6.21
3	Axis Treasury Advantage Fund – Institutional Plan  Benchmark: Crisil Liquid Fund Index	9 <sup>th</sup> October, 2009	5.94	5.25	6.61	6.21
4	Axis Treasury Advantage Fund – Retail Plan  Benchmark: Crisil Liquid Fund Index	3 <sup>rd</sup> March, 2010	6.20	6.08	6.35	6.21
5	Axis Tax Saver Fund  Benchmark: BSE 200	29 <sup>th</sup> December, 2009	18.93	7.45	14.54	8.15
6	Axis Equity Fund  Benchmark: S & P CNX Nifty	5 <sup>th</sup> January, 2010	8.28	8.46	6.06	11.14
7	Axis Short Term Fund – Institutional Plan  Benchmark: Crisil Short Term Bond Fund Index	22 <sup>nd</sup> January, 2010	5.34	5.02	5.48	5.12
8	Axis Short Term Fund – Retail Plan  Benchmark: Crisil Short Term Bond Fund Index	2 <sup>nd</sup> March 2010	5.41	5.33	5.17	5.12
9	Axis Fixed Term Plan – Series 1 (384 Days)  Benchmark: Crisil Short Term Bond Fund Index	17 <sup>th</sup> March, 2010	7.32	5.15	6.21	5.12

10	Axis Income Saver  Benchmark: Crisil MIP Blended Fund Index	16 <sup>th</sup> July 2010	3.64	4.09	--	--
11	Axis Triple Advantage Fund  Benchmark: 35% of S&P CNX Nifty + 35% of Crisil Composite Bond Fund Index + 30% of INR price of gold	23 <sup>rd</sup> August, 2010	3.45	6.75	--	--
12	Axis Gold ETF  Benchmark: Domestic Price of Gold	10 <sup>th</sup> November 2010	2.3	2.7	--	--
13	Axis Fixed Term Plan – Series 11 (371 Days)  Benchmark: Crisil Short Term Bond Fund Index	18 <sup>th</sup> January 2011	1.85	1.43	--	--
14	Axis Fixed term Plan – Series 12 (367 Days)  Benchmark: Crisil Short Term Bond Fund Index	9 <sup>th</sup> February 2011	1.66	1.30	--	--
15	Axis Midcap Fund  Benchmark: BSE Midcap Index	18 <sup>th</sup> February 2011	2.40	3.18	--	--
16	Axis Fixed term Plan – Series 13 (370 Days)  Benchmark: Crisil Short Term Bond Fund Index	23 <sup>rd</sup> March, 2011	0.80	0.28	--	--

Returns for period less than one year are absolute (simple annualized in case of Axis Liquid Fund) and one year and above are compounded annualized. Returns are based on growth option NAVs.

#### **PORTFOLIO MANAGEMENT SERVICES**

The Portfolio Management services had a steady growth last year with over 275 clients and more than Rs. 80 Crores under its Discretionary services.

#### **DIRECTORS**

Ms. Sonu Bhasin, President, Retail Banking, Retail Liabilities & Investment Products, Axis Bank Limited Mumbai was appointed as additional director on May 3<sup>rd</sup> 2010.

Further Ms. Manju Srivatsa resigned from the Board w.e.f. May 2<sup>nd</sup> 2010.

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, additional directors hold office upto the commencement of the Annual General meeting.

Hence, it is proposed to regularize the appointment of Ms. Sonu Bhasin at the Annual General Meeting. A consent to act as director has been received from the mentioned director.

Further, it is proposed that Ms. Sonu Bhasin be appointed as director liable to retire by rotation who shall be eligible for reappointment.

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, Mr. T.S. Narayanasami retires at the ensuing Annual General Meeting and is eligible for re-appointment.

#### **PUBLIC DEPOSITS**

During the period under review, the Company has not accepted any deposits from the public.

#### **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

Since the Company does not own any manufacturing facility, the disclosure under this head is not applicable. Further, the other requirements of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are also not applicable.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a. Income from Foreign Currency – Rs. Nil
- b. Payments in Foreign Currency

<b>Particulars</b>	<b>Amount (Rs.)</b>
Traveling	35,152
Scheme Related - Marketing Expenses	114,635
Computer and Software Related Cost	53,943
<b>Total</b>	<b>203,730</b>

#### **COMMITTEES OF THE BOARD OF DIRECTORS AND MANAGEMENT**

To enable better and more focused attention on the affairs of the Company, the Board has constituted Committees of the Board namely Audit Committee and Remuneration and Nomination Committee and of the management of the company including Risk Management Committee, Investment Review Committee, Valuation Committee, Dividend Distribution Committee to which specific matters have been delegated by the Board of Directors.

#### **CONSTITUTION OF AUDIT COMMITTEE OF DIRECTORS**

In line with the provisions of Section 292A of the Companies Act, 1956, an Audit Committee of the Board of Directors of the company was constituted by the Board of Directors of your company.

As on March 31, 2011, the Audit Committee consists of the following Directors:

Mr. U. R. Bhat, Chairman  
Mr. T. S. Narayanasami  
Mr. Pranesh Misra  
Mr. Rajiv Anand

#### **CONSTITUTION OF THE REMUNERATION AND NOMINATION COMMITTEE**

A Remuneration and Nomination Committee of the Board of Directors has been constituted to comply with the provisions of the Companies Act, 1956 and ensure better standards of Corporate Governance.

As on March 31, 2011, the Remuneration and Nomination Committee consists of the following directors:  
Mr. T.S. Narayanasami, Chairman  
Mr. Pranesh Misra  
Mr. U. R. Bhat

#### **AUDITORS**

The Auditors, M/s Haribhakti & Co, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment, subject to the approval of the Shareholders. As recommended by the Audit Committee, the Board has proposed the appointment of M/s Haribhakti & Co., Chartered Accountants as Statutory Auditors for the financial year 2011-12. The shareholders are requested to consider their appointment.

#### **EMPLOYEES**

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, is given in an Annexure appended hereto and forms part of this report. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed. No material departures have been made during the financial year under review;
2. that the Directors had 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 of the profit of the Company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Board of Directors places on record its gratitude to the Securities and Exchange Board of India, Reserve Bank of India, other government and regulatory authorities, financial institutions and correspondent banks, distributor partners for their strong support and guidance. The Board acknowledges the support of the shareholders and also places on record its sincere thanks to its valued clients and customers for their continued patronage. The Board also expresses its deep sense of appreciation to all employees of the Company for their strong work ethic, excellent performance, professionalism, team work, commitment and initiative which has led to the Company making commendable progress in today's challenging environment.

**for and on behalf of the Board of Directors**

Place: Mumbai  
Date: April 11,2011

**U R Bhat**  
**Director**

**T S Narayanasami**  
**Director**

**AUDITORS' REPORT**  
**TO THE MEMBERS OF AXIS ASSET MANAGEMENT COMPANY LIMITED**

We have audited the attached Balance Sheet of **AXIS ASSET MANAGEMENT COMPANY LIMITED** (the Company) as at 31<sup>st</sup> March, 2011, the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

- (I) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent they are applicable to the Company.
- (II) Further to our comments in the Annexure referred to in paragraph I above, we report as under:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956 to the extent they are applicable to the Company;
  - (e) on the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956,

(f) in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit and Loss Account and Cash Flow Statement read together with Notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in so far it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011,
- (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **HARIBHAKTI & CO.,**  
**Chartered Accountants,**  
**Firm Registration No. 103523W**

**(RAKESH RATHI)**  
**Partner**  
**Membership No: 45228**

Place: Mumbai,  
Date : 11<sup>th</sup> April, 2011



**ANNEXURE REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF AXIS ASSET MANAGEMENT COMPANY LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. The Company has physically verified the fixed assets in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets in a phased manner over a period of three years. It was explained to us that there were no material discrepancies noticed on physical verification.
3. During the year, the Company has not disposed off a major part of the fixed assets.
4. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
5. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
7. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the Company has not entered into any transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
8. The Company has not accepted any deposits from the public.
9. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.

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10. We are informed that no cost records are required to be maintained by the Company under section 209(1)(d) of the Companies Act, 1956.
11. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, , service tax and any other statutory dues applicable to it.
12. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, professional tax and service tax were outstanding as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
13. According to the information and explanations given to us by the Company, there is no disputed amount payable in respect of income tax, professional tax and service tax as at 31<sup>st</sup> March, 2011. :
14. The Company has accumulated losses as at 31<sup>st</sup> March, 2011 and has incurred cash losses during the period covered by our audit. .
15. The Company has not taken any loan from Financial Institution, Bank and the Company has not issued any Debentures.
16. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
17. The Company has not dealt or traded in shares, securities, debentures and other investments during the year.
18. The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
19. During the year, the Company has not taken any term loans.
20. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not used funds raised on short-term basis for long-term investment.
21. The Company has made preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

22. The Company has not issued any Debentures during the year.
23. The Company has not raised any money by public issue during the year.
24. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on the Company or by the Company has been noticed or reported during the course of our audit.
25. The clause (ii), (iii) and (xiii) of para 4 are not reported upon as these are not applicable to the Company.

For **HARIBHAKTI & CO.,**  
**Chartered Accountants,**  
**Firm Registration No. 103523W**

Place: Mumbai,  
Date : 11<sup>th</sup> April, 2011

**(RAKESH RATHI)**  
**Partner**  
**Membership No: 45228**

# AXIS ASSET MANAGEMENT COMPANY LIMITED

Balance Sheet		As at March 31, 2011	As at March 31, 2010
	Schedule	Amount ₹	Amount ₹
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	1	1,240,000,000	680,000,000
<b>TOTAL</b>		<b>1,240,000,000</b>	<b>680,000,000</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block	2	73,644,833	63,151,321
<b>Less: Depreciation</b>		<b>32,592,703</b>	<b>11,190,327</b>
Net Block		41,052,130	51,960,994
Capital Advances		1,650,627	1,048,264
		42,702,757	53,009,258
Investments	3	211,564,160	162,500,000
Current Assets, Loans and Advances			
Sundry Debtors	4	38,483,202	12,594,132
Cash and Bank Balances	5	1,194,875	10,679,329
Loans and Advances	6	123,864,489	99,606,137
		163,542,566	122,879,598
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	7	134,621,817	163,160,799
Provisions	8	3,709,213	1,300,847
		138,331,030	164,461,646
Net Current Assets		25,211,536	(41,582,048)
Profit & Loss Debit Balance		960,521,547	506,072,790
<b>TOTAL</b>		<b>1,240,000,000</b>	<b>680,000,000</b>
Significant Accounting Policies and Notes ot Accounts	14		

As per our report Attached

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration No : 103523 W

**Rakesh Rathi**

Partner

Membership No.: 45228

Mumbai, April 11, 2011

**For and on behalf of the Board**

**U R Bhat**

Director

**Rajiv Anand**

Managing Director  
and CEO

**Praveen Bhatt**

Head - Operations

**Miten Chawda**

Company Secretary

## AXIS ASSET MANAGEMENT COMPANY LIMITED

Profit & Loss account		For the Year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
	Schedule	Amount ₹	Amount ₹
<b>INCOME</b>			
Management Fees	9	255,134,336	42,152,311
Interest Income	10	-	1,716,345
Other Income	11	25,365,724	4,390,353
<b>Total</b>		<b>280,500,060</b>	<b>48,259,009</b>
<b>EXPENDITURE</b>			
Employee Expenses	12	248,778,380	183,265,600
Administrative and Other Expenses	13	464,721,266	357,595,164
Preliminary Expenses Written off		-	2,272,754
Depreciation	2	21,449,061	11,196,674
<b>Total</b>		<b>734,948,707</b>	<b>554,330,192</b>
<b>LOSS BEFORE TAX</b>		454,448,647	506,071,183
Less: Provision for Tax			
- Fringe Benefit Tax		-	1,607
<b>LOSS AFTER TAX</b>		454,448,647	506,072,790
Add: Balance C/f		506,072,790	-
Add/ (Less): Excess/ (Short) Provision of tax		110	-
<b>LOSS AFTER TAX</b>		<b>960,521,547</b>	<b>506,072,790</b>
Basic and Diluted Earnings per share	14 (3.5)	(4.48)	(16.61)
Significant Accounting Policies and Notes ot Accounts	14		
As per our report Attached <b>For Haribhakti &amp; Co.</b> Chartered Accountants Firm Registration No : 103523 W		<b>For and on behalf of the Board</b>	
		<b>U R Bhat</b> Director	<b>Rajiv Anand</b> Managing Director and CEO
<b>Rakesh Rathi</b> Partner Membership No.: 45228		<b>Praveen Bhatt</b> Head - Operations	<b>Miten Chawda</b> Company Secretary
Mumbai, April 11, 2011			

# AXIS ASSET MANAGEMENT COMPANY LIMITED

Cash Flow Statement	For the Year ended	For the period
	March 31, 2011	January 13, 2009 to March 31, 2010
	Amount ₹	Amount ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss Before Taxation and Extraordinary items	(454,448,647)	(506,071,183)
Add/ (Less) : Adjustments for		
Depreciation	21,449,061	11,196,674
Loss on Sale of Fixed Assets	44,806	35,783
(Profit)/ Loss on Sale of Investment (net)	(14,019,104)	(4,389,073)
<b>Operating Profit before working capital changes</b>	<b>(446,973,884)</b>	<b>(499,227,798)</b>
(Increase)/ Decrease in Loans and Advances	(14,526,738)	(94,550,451)
(Increase)/ Decrease in Sundry Debtors	(25,889,070)	(12,594,132)
Increase/ (Decrease) in Current Liabilities	(28,538,982)	163,160,799
Increase/ (Decrease) in Provision	2,409,973	1,299,240
<b>Cash generated from operations</b>	<b>(513,518,701)</b>	<b>(441,912,342)</b>
Income Tax Paid	(9,733,331)	(5,055,686)
<b>Net cash from operating activities</b>	<b>(523,252,032)</b>	<b>(446,968,028)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(10,621,553)	(63,193,451)
Proceeds from Sale of Fixed Assets	36,550	-
Advance for Purchase of Fixed assets	(602,363)	(1,048,264)
Purchase of Investments	(1,845,518,755)	(552,500,000)
Proceeds from Sale of Investments	1,810,473,699	394,389,073
<b>Net cash used in investing activities</b>	<b>(46,232,422)</b>	<b>(222,352,642)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital - Equity	560,000,000	680,000,000
<b>Net cash from/ (used in) financing activities</b>	<b>560,000,000</b>	<b>680,000,000</b>
Net (Decrease)/ Increase in cash and cash equivalents	<b>(9,484,454)</b>	<b>10,679,330</b>
Cash and cash equivalents at the beginning of the period	10,679,329	-
Cash and cash equivalents at the end of the period	<b>1,194,875</b>	<b>10,679,329</b>

As per our report Attached  
**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No : 103523 W

**Rakesh Rathi**  
Partner  
Membership No.: 45228

Mumbai, April 11, 2011

**For and on behalf of the Board**

**U R Bhat**  
Director

**Praveen Bhatt**  
Head - Operations

**Rajiv Anand**  
Managing Director  
and CEO

**Miten Chawda**  
Company Secretary

## AXIS ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of Balance Sheet	As at	As at
	March 31, 2011	March 31, 2010
	Amount ₹	Amount ₹
<b>Schedule 1</b>		
<b>Share Capital</b>		
Authorised 125,000,000 (Previous year 105,000,000) Equity Shares of ₹10 each	1,250,000,000	1,050,000,000
Issued, Subscribed and Paid up 124,000,000 (Previous year 68,000,000) Equity Shares of ₹10 each, fully paid up (All of the above Shares are held by Axis Bank Limited, the Holding Company and its nominees)	1,240,000,000	680,000,000
	<b>1,240,000,000</b>	<b>680,000,000</b>

### Schedule 2 Fixed Assets

Class of Assets/ Particulars	Computers	Furniture & Fixtures	Office Equipments	Leasehold Improvements	Software	Total
<b>Gross Block</b>						
As at March 31, 2010	15,241,850	8,269,371	6,097,296	22,407,216	11,135,588	63,151,321
Additions during the period	2,861,352	294,170	605,773	442,002	6,418,256	10,621,553
Deductions during the period	117,291	-	10,750	-	-	128,041
As at March 31, 2011	<b>17,985,911</b>	<b>8,563,541</b>	<b>6,692,319</b>	<b>22,849,218</b>	<b>17,553,844</b>	<b>73,644,833</b>
<b>Accumulated Depreciation</b>						
As at March 31, 2010	2,723,802	1,722,956	822,339	5,095,298	825,932	11,190,327
For the period	5,388,269	1,604,184	1,373,293	8,385,557	4,697,758	21,449,061
Deductions during the period	40,485	-	6,200	-	-	46,685
As at March 31, 2011	<b>8,071,586</b>	<b>3,327,140</b>	<b>2,189,432</b>	<b>13,480,855</b>	<b>5,523,690</b>	<b>32,592,703</b>
<b>Net Block as at March 31, 2011</b>	<b>9,914,325</b>	<b>5,236,401</b>	<b>4,502,887</b>	<b>9,368,363</b>	<b>12,030,154</b>	<b>41,052,130</b>
<b>Net Block as at March 31, 2010</b>	<b>12,518,048</b>	<b>6,546,415</b>	<b>5,274,957</b>	<b>17,311,918</b>	<b>10,309,656</b>	<b>51,960,994</b>

### Schedule 3 Investments

Current Investment (Non Trade, Unquoted)

(Valued at Cost or Fair Value, whichever is lower)

80,126.344 Units (Previous year 159,443.184) of ₹1,000 each in Axis Liquid Fund -

Institutional - Growth

87,001,536

162,500,000

11,773,851.591 Units (Previous year Nil) of ₹10 each in Axis Short Term Fund -

Institutional - Growth

124,562,624

-

**211,564,160**

**162,500,000**

Repurchase price of investments in schemes of mutual fund

**212,298,901**

**162,511,189**

### Investments purchased and sold during the year

Opening units

Purchased units

Sold units

Axis Treasury Advantage Fund - Institutional - Growth

-

628,227.737

628,227.737

Axis Liquid Fund - Institutional - Growth

159,443.184

763,027.585

842,344.425

Axis Short Term Fund - Institutional - Growth

-

38,416,508.458

26,642,656.867

## AXIS ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of Balance Sheet	As at March 31, 2011 Amount ₹	As at March 31, 2010 Amount ₹
<b>Schedule 4</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered good)		
- for period exceeding six months	-	-
- Other debts	38,483,202	12,594,132
	<b>38,483,202</b>	<b>12,594,132</b>
<b>Schedule 5</b>		
<b>Cash and Bank Balances</b>		
Balances with Scheduled Bank in - current accounts	1,194,875	10,679,329
	<b>1,194,875</b>	<b>10,679,329</b>
<b>Schedule 6</b>		
<b>Loans and Advances</b>		
(Unsecured, Considered good)		
Advance Recoverable in Cash or in Kind for Value to be Received	48,332,339	33,568,601
Advance Tax and Tax Deducted at Source	14,787,300	5,055,686
Deposits	60,744,850	60,981,850
	<b>123,864,489</b>	<b>99,606,137</b>
<b>Schedule 7</b>		
<b>Current Liabilities</b>		
Sundry Creditors - Refer Schedule 14, Note 3.2		
- For Capital Goods	124,087	1,752,394
- For Others	30,554,564	10,228,965
Other Liabilities	103,943,166	151,179,440
	<b>134,621,817</b>	<b>163,160,799</b>
<b>Schedule 8</b>		
<b>Provisions</b>		
Provision for Taxation	-	1,607
Provision for Gratuity	3,709,213	1,299,240
	<b>3,709,213</b>	<b>1,300,847</b>



**AXIS ASSET MANAGEMENT COMPANY LIMITED**

<b>Schedules forming part of Profit &amp; Loss account</b>	<b>For the Year ended March 31, 2011</b>	<b>For the period January 13, 2009 to March 31, 2010</b>
	<b>Amount ₹</b>	<b>Amount ₹</b>
<b>Schedule 9</b>		
<b>Management Fees</b>		
Investment Management Fees (Tax Deducted at Source - ₹9,386,110; Previous period ₹4,463,920)	227,640,914	40,470,707
Portfolio Management Fees (Tax Deducted at Source - ₹282,584; Previous period ₹Nil)	27,493,422	1,681,604
	<b>255,134,336</b>	<b>42,152,311</b>
<b>Schedule 10</b>		
<b>Interest</b>		
On Fixed Deposit (Tax Deducted at Source - ₹Nil; Previous period ₹266,470)	-	1,716,345
	<b>-</b>	<b>1,716,345</b>
<b>Schedule 11</b>		
<b>Other Income</b>		
Gains on sale/ redemptions of Mutual Fund Units (net)	14,019,104	4,389,073
Marketing Advisory Fees	1,567,933	-
Miscellaneous Income (Tax Deducted at Source - ₹64,527; Previous period ₹Nil)	9,778,687	1,280
	<b>25,365,724</b>	<b>4,390,353</b>

## AXIS ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of Profit & Loss account	For the Year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
	Amount ₹	Amount ₹
<b>Schedule 12</b>		
<b>Employee Expenses</b>		
Salaries & Allowances	233,840,591	169,173,549
Contribution to Provident and Other Funds	10,306,564	6,106,973
Other Employee related Costs (Includes Staff Welfare, Training, Insurance and Recruitment Expenses)	4,631,225	7,985,078
	<b><u>248,778,380</u></b>	<b><u>183,265,600</u></b>
<b>Schedule 13</b>		
<b>Administrative and Other Expenses</b>		
Scheme Related Expenses	264,411,734	248,329,509
PMS Related Expenses	22,689,158	2,441,280
Rent, Rates and Taxes	48,606,126	33,547,734
Establishment Expenses	14,882,229	6,737,676
Communication Expenses	12,644,047	5,456,955
Outsourced Services Cost	55,960,580	19,586,391
Legal and Professional Fees	6,854,403	17,131,613
Travelling, Lodging and Conveyance	15,987,719	9,142,927
Computer and Software Related Cost	11,271,081	6,892,989
Printing and Stationery	3,212,721	2,330,082
Membership and Subscriptions	1,624,226	337,654
Entertainment and Business Promotion	3,923,685	1,704,190
Brokerage for Premises	19,854	2,684,883
Auditors Remuneration		
- Audit Fees	300,000	150,000
- Tax Audit Fees	100,000	75,000
- Other Matters	<u>15,000</u>	<u>55,000</u>
	415,000	280,000
Repairs and Maintenance	479,870	181,380
Repairs and Maintenance - Building	313,758	111,438
Directors Sitting Fees	720,000	340,000
Foreign Exchange Loss	232	1,106
Loss on Sale of Assets	44,806	35,783
Miscellaneous Expenses	660,037	321,574
	<b><u>464,721,266</u></b>	<b><u>357,595,164</u></b>

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

**1. Background**

Axis Asset Management Company Limited ('the Company') was incorporated on January 13, 2009 under The Companies Act, 1956 and is a wholly owned subsidiary of Axis Bank Limited.

The Company has been granted approval by Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996 to act as an Investment Manager to Axis Mutual Fund ('the Fund'), which has launched fifteen schemes till the date of the Balance Sheet. The Company manages Investment Portfolios of the scheme(s) launched by the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated June 27, 2009.

The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993 and provides Portfolio Management Services (PMS). The Company commenced its PMS business with launch of its first PMS product offering in March, 2010.

**2. Significant Accounting Policies**

**2.1 Basis of Preparation**

The financial statements have been prepared on accrual basis of accounting in accordance with historical cost convention, Accounting Standards notified by the Institute of Chartered Accountants of India and relevant provisions of The Companies Act, 1956 to the extent applicable.

**2.2 Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting period. 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 financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements. Any revision to the accounting estimates will be recognised prospectively in the current and future periods.

**2.3 Fixed Assets and Capital Advances**

Fixed Assets are stated at their cost of acquisition less accumulated depreciation, amortisation and impairment losses. The cost of acquisition is inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets.

The capital advances includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

**2.4 Depreciation**

Depreciation is provided on the straight-line method from the date of installation/addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates.

Based on the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate. Pursuant to this policy, depreciation has been provided using the following estimated useful life:

**Schedule 14**

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

<b>Class of Assets</b>	<b>Estimated Life</b>
Computers and Peripherals	3 years
Software	3 years
Mobile Phones	2 years
Office Equipments	5 years
Furniture and Fixtures	5 years

Leasehold Improvements are amortised over the primary period of the lease from the date of capitalisation.

All fixed assets individually costing less than ₹5,000 are fully depreciated in the year of purchase / acquisition.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the Profit and Loss Account till the date of sale.

**2.5 Impairment of Assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**2.6 Investments**

Investments are classified as 'current' or 'long term'.

Current Investments are stated at lower of cost or 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 recognize a decline, other than temporary, in the value of such Investments.

Purchase and sale of Investment is recorded on the trade date basis.

**2.7 Revenue Recognition**

Management fees are recognised on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of Scheme Information Documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Portfolio Management Fees are recognized on an accrual basis as per the terms of the contract with the customers.

Income from sale of Investments is determined on weighted average basis and recognized on the trade date basis.

Marketing Advisory fees are recognized on an accrual basis.

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

**2.8 Employee Benefits**

**a) Provident Fund**

The company makes contribution to a recognised Provident Fund scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and charged to Profit and Loss Account.

**b) Gratuity**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using Projected Unit Credit Method made at the end of each financial year.

Actuarial gains/losses are immediately taken to Profit and Loss Account.

**2.9 Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date.

The exchange differences, if any, either on settlement or translation are recognized in Profit and Loss Account.

**2.10 Scheme Related Expenses**

**a) Fund Expenses**

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

**b) New Fund Offer Expenses**

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

**2.11 Taxes on Income**

The tax expense comprises current tax and deferred tax.

Current tax is determined in accordance with Income Tax Act, 1961.

Deferred tax adjustments comprises of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognised subject to prudence and judgment that realisation is more likely than not. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Profit and Loss Account in the period of the change.

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

**2.12 Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Lease payments for Assets taken on operating lease rentals are recognized as an expense in the Profit and Loss Account as they become due for payments.

**2.13 Earnings Per Share**

Company reports the basic and diluted earnings per share in accordance with AS-20, Earnings per Share notified Accounting Standard by Institute of Chartered Accountants of India. Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period/year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the period/year. Diluted earning per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at period/year end.

**2.14 Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provisions are reviewed at each Balance Sheet date 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.

A disclosure of 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.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. 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 occurs.

**2.15 Cash & Cash Equivalents**

Cash and Cash equivalent includes cash on hand and balances held in Current Accounts with Scheduled Banks.

**2.16 Preliminary Expenses**

The preliminary expenses incurred towards incorporation of the Company have been charged out in the Profit and Loss Account.

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

**3. Notes to Accounts**

**3.1 Contingent Liabilities - Nil**

**3.2 Sundry Creditors**

Sundry Creditors 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, who have registered with the competent authorities.

Particulars	Amount (₹)	
	For year the ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

**3.3 Employee Benefits**

In accordance with the Accounting Standard on "Employee Benefits" (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the Company has classified the various benefits provided to the employees as under:

**a) Defined Contribution Plan**

**Provident Fund**

The Company has recognised the following amounts in Profit and Loss Account, which are included under Contributions to Provident & other funds:

Particulars	Amount (₹)	
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
Employer's contribution to Provident Fund	7,896,591	4,807,773

Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011

b) Defined Benefit Plan  
Gratuity

Particulars	Amount (₹)	
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
<b>Profit and Loss Account</b>		
<b>Net employee benefit expenses :</b>		
Current Service Cost	2,218,990	1,299,240
Interest on Defined Benefit Obligation	105,628	-
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognized in the year	(600,882)	-
Past Service Cost	686,237	-
Losses/(Gains) on "Curtailements & Settlements"		-
<b>Total included in "Employee Benefit Expense"</b>	<b>2,409,973</b>	<b>1,299,240</b>
Actual Return on Plan Assets	-	-
<b>Balance Sheet</b>		
<b>Details of provision for gratuity</b>		
Present Value of Obligations	3,709,213	1,299,240
Fair Value of Plan Assets	-	-
Unrecognized Past Service Cost	-	-
<b>Net Liability</b>	<b>3,709,213</b>	<b>1,299,240</b>
<b>Amounts in Balance Sheet</b>		
Liabilities	3,709,213	1,299,240
Assets	-	-
<b>Net Liability</b>	<b>3,709,213</b>	<b>1,299,240</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
<b>Change in Defined Benefit Obligation</b>		
<b>Opening Defined Benefit Obligation</b>	1,299,240	-
Current Service Cost	2,218,990	1,299,240
Interest Cost	105,628	-
Actuarial Losses / (Gains)	(600,882)	-
Past Service Cost	686,237	-
Benefits Paid	-	-
<b>Closing Defined Benefit Obligation</b>	<b>3,709,213</b>	<b>1,299,240</b>
<b>Changes in the fair value of plan assets are as follows:</b>		
<b>Opening Fair Value of Plan Assets</b>	-	-
Expected Return on Plan Assets	-	-
Actuarial Gains / (Losses)	-	-
Assets Distributed on Settlements	-	-



**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

Particulars	Amount (₹)	
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
Contributions by Employer	-	-
Benefits Paid	-	-
<b>Closing Fair Value of Plan Assets</b>	-	-
<b>Experience adjustments</b>		
Defined Benefit Obligations	3,709,213	1,299,240
Plan Assets		-
Surplus / (Deficit)	(3,709,213)	(1,299,240)
Experience Adjustments on Plan Liabilities	-	-
Experience Adjustments on Plan Assets	-	-
<b>Principal actuarial assumptions at the balance sheet date:</b>		
No of Employees	106	101
Average Age of Employees	33 yrs	32 yrs
Discount Rate	8.13% p.a.	8% p.a.
Expected rate of Return on Plan Assets	N/A	N/A
Average Salary of Employees	₹ 47,641 p.m.	₹ 43,669 p.m.
Salary Escalation Rate	10% p.a.	10% p.a.
Employee Attrition	10% p.a.	10% p.a.

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

**3.4 Operating Leases**

The Company has entered into non-cancelable leasing arrangements for certain office and residential premises for a period upto 36 months.

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

	Amount (₹)	
	As at March 31, 2011	As at March 31, 2010
Not later than one year	24,678,950	31,376,220
Later than one year but not later than five years	1,260,000	23,746,950
Later than five years	Nil	Nil

The total lease payments recognized in the profit and Loss account amounts to ₹43,862,346 (Previous Year ₹28,585,248).

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

**3.5 Earnings Per Share**

The numerators and denominators used to calculate basic and diluted earnings per share:

Particulars		For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
(a)	Nominal Value of an Equity Share (₹)	10	10
(b)	Net profit available to Equity Shareholders (₹)	(454,448,647)	(506,072,790)
(c)	Weighted average number of shares outstanding	101,536,987	30,470,542
(d)	Basic and Diluted EPS (₹) = (b)/ (c) (annualised)	(4.48)	(16.61)

**3.6 Segment Reporting**

In accordance with the Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, the Company has determined business segments as under:

The Company's operations predominantly relate to providing Asset Management Services. It acts as an Investment Manager to schemes launched by Axis Mutual Fund. It also provides Portfolio Management Services (PMS). Accordingly, the Company has recognized 'Mutual Fund' and 'Portfolio Management' as Primary business segments.

Since companies operation are within India Secondary segment reporting is not applicable.

The accounting principles used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments. These are as set out in the notes on Significant Accounting Policies.

The basis of reporting is as follows:

- a) Revenue and expenses distinctly identifiable to a segment are recognized in that segment.
- b) Certain expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. Hence it is not practical to provide segment disclosures relating to such items and accordingly they are separately disclosed as "unallocable expenses".
- c) Fixed Assets, Current assets and current liabilities to the extent directly identifiable to a business segment have been categorized as "Segment assets/liabilities", others have been shown as "Unallocable assets/liabilities".
- d) Other balance sheet items such as investments and deferred tax asset are similarly not allocated to business segments.

Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011

Business Segment	Amount (₹)					
	Mutual Fund		Portfolio Management		Total	
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
<b>Segment Revenue</b>						
Management Fees	227,640,914	40,470,707	29,061,355	1,681,604	256,702,269	42,152,311
Inter Segment Revenue	-	-	-	-	-	-
<b>Total Segment Revenue</b>	227,640,914	40,470,707	29,061,355	1,681,604	256,702,269	42,152,311
Identifiable Operating Expenses	264,411,734	248,329,509	27,170,802	2,602,587	291,582,536	250,932,096
<b>Segmental Operating Income</b>	(36,770,820)	(207,858,802)	1,890,553	(920,983)	(34,880,267)	(208,779,785)
Unallocable Expenses					443,366,171	303,398,097
<b>Operating Income</b>					(478,246,438)	(512,177,882)
Other Income					23,797,791	6,106,698
<b>Net Profit Before Taxation</b>					(454,448,647)	(506,071,183)
Provision For Income Tax					-	-
Deferred Tax Expense					-	-
Fringe Benefit Tax					-	1,607
<b>Net Profit After Tax</b>					(454,448,647)	(506,072,790)
<b>Segment Assets and Liabilities</b>						
Segment Assets	33,559,541	10,739,323	8,529,842	5,646,321	42,089,383	16,385,644
Unallocated Assets					375,720,100	322,003,212
<b>Total Assets</b>					417,809,483	338,388,856
Segment Liabilities	-	-	5,026,820	-	5,026,820	-
Unallocated Liabilities					133,304,210	164,461,646
<b>Total Liabilities</b>					138,331,030	164,461,646
Capital Expenditure	-	-	810,705	270,000	1,650,627	1,048,264
Depreciation			1,330,527	59,786	21,449,061	11,196,674

3.7 Related Party Transactions

As per the Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

- |                             |                                    |
|-----------------------------|------------------------------------|
| A) Holding Company          | : Axis Bank Limited                |
| B) Fellow Subsidiaries      | : Axis Mutual Fund Trustee Limited |
|                             | : Axis Sales Limited               |
|                             | : Axis Trustee Services Limited    |
|                             | : Axis Private Equity Limited      |
| C) Key Management Personnel | : Mr. Rajiv Anand                  |

**Schedule 14**

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

The nature and volume of transactions of the Company with the above related parties were as follows:

Particulars	Holding Co.		Fellow Subsidiary				Total For Fellow Subsidiaries	
	Axis Bank Limited		Axis Mutual Fund Trustee Limited		Axis Sales Limited			
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
<b>Amount( ₹)</b>								
<b>INCOME</b>								
Interest on Fixed Deposit	-	1,716,345	-	-	-	-	-	-
Marketing Advisory Fees	1,567,934	-	-	-	-	-	-	-
<b>EXPENDITURE</b>								
Mutual Fund -Brokerage	76,093,474	69,835,403	-	-	-	-	-	-
PMS - Brokerage	16,138,521	-	-	-	-	-	-	-
PMS - FA/R&T/CCIL fees	194,508	-	-	-	-	-	-	-
Bank Charges (Scheme related)	1,710,442	100	-	-	-	-	-	-
Outsourced services cost	-	-	-	-	57,486,018	18,203,793	57,486,018	18,203,793
<b>ASSETS</b>								
Current account balance (Bal as per Bank Rs.75,48,086.11 as on March 31, 2011)	1,194,875	10,679,329	-	-	-	-	-	-
<b>LIABILITIES</b>								
Equity Share Capital contribution:								
Opening Balance	680,000,000	-	-	-	-	-	-	-
Capital infused During the year	560,000,000	680,000,000	-	-	-	-	-	-
Closing Balance	1,240,000,000	680,000,000	-	-	-	-	-	-
Sundry Creditors	4,722,151	69,673,262	-	-	4,290,339	-	4,290,339	-
Other Liabilities	-	-	-	232,475	-	-	-	232,475



**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

**3.8 Deferred Tax**

In the absence of virtual certainty of realisation of carried forward tax losses and unabsorbed depreciation, management has not created any deferred tax assets. The same will be reassessed at subsequent Balance Sheet date and will be accounted for in the year of virtual certainty.

The Components of Deferred Tax (Liabilities) / Assets are as under

Particulars	Amount (₹)	
	As at March 31, 2011	As at March 31, 2010
<b>Deferred Tax Assets/ (Liabilities) on Account of</b>		
Depreciation	(486,997)	(907,396)
Provision for gratuity	1,146,147	401,465
Provision for bonus	23,471,640	19,034,400
Expenses Disallowed	2,679,092	1,642,644
Preliminary expenses	(140,456)	561,825
Carry forward Loss	247,373,330	135,641,593
<b>Total</b>	<b>274,042,756</b>	<b>156,374,531</b>
<b>Restricted to</b>	<b>NIL</b>	<b>NIL</b>
<b>Net Deferred Tax Assets/ (Liabilities)</b>	<b>NIL</b>	<b>NIL</b>

**3.9 Additional information pursuant to the provisions of paragraph 4B and 4D of part II of Schedule VI to the Companies Act, 1956 is given below:**

- a. Income from Foreign Currency – ₹Nil (Previous period : ₹Nil)
- b. Payments in Foreign Currency

Particulars	Amount (₹)	
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
Traveling	35,152	115,440
Scheme Related Marketing Expenses	114,635	209,339
Computer and Software Related Cost	53,943	-

**3.10 Managerial Remuneration**

- (a) In response to the application made by the company the central government has granted approval for remuneration, in excess of the limits prescribed under the Companies Act, 1956 for the period from March 30, 2009 to March 29, 2012.

The remuneration paid is within the limits of the approval granted by the central government

**Significant Accounting Policies and Notes forming part of the Accounts for the year ended March 31, 2011**

- (b) Managerial remuneration under Section 198 of the Companies Act 1956

Particulars	Amount (₹)	
	For the year ended March 31, 2011	For the period January 13, 2009 to March 31, 2010
Salaries, & Allowances	20,140,307	15,500,122
Contribution to provident and other funds*	612,360	567,000
Perquisites in cash or in kind	621,666	790,942
<b>Total</b>	<b>21,374,333</b>	<b>16,858,064</b>

Note:\* Provision for gratuity benefits which is based on actuarial valuation done on an overall basis for the company is excluded in the remuneration as shown above.

- (c) Computation of net profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

**3.11 Capital Commitment**

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided is ₹814,824 (Previous period ₹1,148,011).

**3.12 Figures have been rounded off to the nearest rupee.**

The Previous year figures have been regrouped recast and restated wherever necessary. Since, the previous period was from January 2, 2009 to March 31, 2010, previous period numbers are not comparable to the current year.

As per our report Attached  
**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No : 103523 W

**For and on behalf of the Board**

**Rakesh Rathi**  
Partner  
Membership No.: 45228

**U R Bhat**  
Director

**Rajiv Anand**  
Managing Director and CEO

Mumbai, April 11, 2011

**Praveen Bhatt**  
Head - Operations

**Miten Chawda**  
Company Secretary

# AXIS ASSET MANAGEMENT COMPANY LIMITED

Additional Information as required under Part IV, Schedule VI of the Companies Act, 1956.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### a) Registration Details

Registration Number U65991MH2009PLC189558  
State Code 11  
Balance Sheet Date March 31, 2011

### b) Capital raised during the period

(Amount in ₹000)

Public Issue Nil  
Rights Issue 560,000  
Bonus Issue Nil  
Private Placement Nil

### c) Position of Mobilisation and Deployment of Funds (Amount in ₹000)

Total Liabilities 1,240,000  
Total Assets 1,240,000

#### Sources of Funds

Paid-up Capital 1,240,000  
Reserves & Surplus -  
Secured Loans -

#### Application of Funds

Net Fixed Assets 42,703  
Investments 211,564  
Net Current Assets 25,212  
Miscellaneous Expenditure -  
Accumulated Losses 960,522

### d) Performance of Company (Amount in ₹000)

Total Income 280,500  
Total Expenditure 734,949  
Loss before tax 454,449  
Loss after tax 454,449  
Earnings per Share in ₹ (4.48)  
Dividend Rate (%) Nil

### e) Generic Names of Three Principal Products/ Services of the Company (as per Monetary terms)

Item Code No. (ITC Code) N.A.  
Product Description Asset Management

**U R Bhat**  
Director

**Rajiv Anand**  
Managing Director  
and CEO

**Praveen Bhatt**  
Head - Operations

**Miten Chawda**  
Company Secretary

Mumbai, April 11, 2011