

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)	
	Year Ended on March 31, 2011	January 02, 2009 to March 31, 2010
Gross Income	12.18	13.83
Expenses	8.94	12.32
Profit/(Loss) before Tax	3.24	1.51
Provision for Taxation	1.05	0.74
Profit/(Loss) after Tax	2.19	0.77
Profit available for appropriation	2.19	0.77
APPROPRIATIONS		
Transfer to General Reserve	-	-
Transfer to Contingency Reserve	-	-
Balance Profit /(Loss) Carried Forward	2.96	0.77

The issued share capital of the Company as at March 31, 2011, was Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10/- each.

DIVIDENDS

Your directors do not recommend any dividend for the financial year ended March 31, 2011.

OPERATIONS (HIGHLIGHTS OF THE PERFORMANCE)

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 16th as per AMFI data as on 31st 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 th June 2010	78.67	Matured
2	Axis Fixed Term Plan – Series 4 (3 Months)	Close Debt	16 th June 2010	20.24	Matured
3	Axis Income Saver	Open Income	16 th July 2010	446.28	437.24
4	Axis Triple Advantage Fund	Open Hybrid	23 rd August 2010	428.25	517.70
5	Axis Gold ETF	Open ETF	10 th November 2010	67.91	164.40
6	Axis Fixed Term Plan – Series 11 (371 Days)	Close Debt	18 th January 2011	42.66	43.44
7	Axis Fixed term Plan – Series 12 (367 Days)	Close Debt	9 th February 2011	11.25	11.43
8	Axis Midcap Fund	Open Equity	18 th February 2011	166.13	165.89
9	Axis Fixed term Plan – Series 13 (370 Days)	Close Debt	23 rd 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 AMC 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 th October, 2009	5.80	5.25	6.60	6.21
2	Axis Liquid Fund – Retail Plan Benchmark: Crisil Liquid Fund Index	1 st March, 2010 (plan launched on 2 nd March 2010)	6.23	6.11	6.40	6.21
3	Axis Treasury Advantage Fund – Institutional Plan Benchmark: Crisil Liquid Fund Index	9 th October, 2009	5.94	5.25	6.61	6.21
4	Axis Treasury Advantage Fund – Retail Plan Benchmark: Crisil Liquid Fund Index	3 rd March, 2010	6.20	6.08	6.35	6.21
5	Axis Tax Saver Fund Benchmark: BSE 200	29 th December, 2009	18.93	7.45	14.54	8.15
6	Axis Equity Fund Benchmark: S & P CNX Nifty	5 th 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 nd 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 nd 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 th March, 2010	7.32	5.15	6.21	5.12

10	Axis Income Saver Benchmark: Crisil MIP Blended Fund Index	16 th 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 rd August, 2010	3.45	6.75	--	--
12	Axis Gold ETF Benchmark: Domestic Price of Gold	10 th November 2010	2.3	2.7	--	--
13	Axis Fixed Term Plan – Series 11 (371 Days) Benchmark: Crisil Short Term Bond Fund Index	18 th January 2011	1.85	1.43	--	--
14	Axis Fixed term Plan – Series 12 (367 Days) Benchmark: Crisil Short Term Bond Fund Index	9 th February 2011	1.66	1.30	--	--
15	Axis Midcap Fund Benchmark: BSE Midcap Index	18 th February 2011	2.40	3.18	--	--
16	Axis Fixed term Plan – Series 13 (370 Days) Benchmark: Crisil Short Term Bond Fund Index	23 rd 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.

DIRECTORS

No director was appointed during the financial year.

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

Mr. Kamlesh Vikamsey has resigned as director of the company w.e.f. February 28, 2011.

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. Also, requirements of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 pertaining to Conservation of Energy and Technology absorption are also not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

COMMITTEES OF THE BOARD OF DIRECTORS AND MANAGEMENT OF THE ASSET MANAGEMENT COMPANY

To enable better and more focused attention on the affairs of the Company and the mutual fund activity, the Board of Directors has constituted Committees of the Board namely Audit Committee and of the management of the asset management 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:

Dr. T.C. Nair
Mr. Kedar Desai
Mr. B. Gopalakrishnan

The directors appoint one amongst themselves as chairman of the audit committee meeting.

AUDITORS

The Auditors, M/s S. R. Batliboi & 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 S.R. Batliboi & Co., Chartered Accountants as Statutory Auditors to hold office from this Annual General Meeting until the conclusion of the next Annual General Meeting of the company. The shareholders are requested to consider their appointment.

EMPLOYEES

The Company has no employees on its role. The provisions of Section 217 (2A) of the Companies Act, 1956, are therefore, not applicable.

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.

for and on behalf of the Board of Directors

Dr T C Nair
Director

B. Gopalakrishnan
Director

Place: Mumbai
Date: April 13, 2011

Auditors' Report

To
The Members of Axis Mutual Fund Trustee Limited

1. We have audited the attached balance sheet of Axis Mutual Fund Trustee Limited ('the Company') as at 31 March 2011 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. 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 section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 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;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Surekha Gracias
Partner
Membership No.:105488
Mumbai, 13 April 2011

Annexure referred to in paragraph 3 of our report of even date

Re: **Axis Mutual Fund Trustee Limited** ('the Company')

- (i) The Company did not have any fixed assets during the year, accordingly provisions of clause 4 (i) related to fixed assets are not applicable.
- (ii) The Company provides trusteeship services to Axis Mutual Fund; therefore, provisions of clause 4(ii) of Companies (Auditor's Report) Order, 2003 (as amended) related to inventory are not applicable.
- (iii) According to the information and explanations provided by the management, the Company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, in respect of sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of this area.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services provided by the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) There are no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year-end for a period of more than six months from the date they became payable.
- (c) There are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

Annexure referred to in paragraph 3 of our report of even date

Re: Axis Mutual Fund Trustee Limited ('the Company')

- (xi) Based on our examination of documents and records, the Company has not taken any loans from financial institutions or banks or issued debentures.
- (xii) Based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

per Surekha Gracias

Partner

Membership No.: 105488

Mumbai, 13 April 2011

AXIS MUTUAL FUND TRUSTEE LIMITED

Balance Sheet	Schedule	As at	As at
		March 31, 2011	March 31, 2010
		Amount ₹	Amount ₹
Sources of Funds			
Share Capital	1	500,000	500,000
Reserves and Surplus	2	296,048	76,824
Capital Fund	10.3(f)	100,000	100,000
Total		896,048	676,824
Application of Funds			
Investments	3	872,474	300,000
Current Assets, Loans And Advances			
Sundry Debtors	4	99,270	304,727
Cash and Bank Balances	5	3,131	152,429
Other Current Assets	6	-	232,475
Loans and Advances	7	123,763	92,881
		226,164	782,512
Less: Current Liabilities And Provisions			
Current Liabilities	8	202,590	405,688
		202,590	405,688
Net Current Assets		23,574	376,824
Total		896,048	676,824

Significant Accounting Policies and Notes to Accounts 10

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Surekha Gracias
Partner
Membership No.:105488
Mumbai, April 13, 2011

Dr T C Nair
Director

B Gopalakrishnan
Director

AXIS MUTUAL FUND TRUSTEE LIMITED

Profit & Loss account	Schedule	For the year	For the period
		ended March 31, 2011	January 2, 2009 to March 31, 2010
		Amount ₹	Amount ₹
Income			
Trusteeship fee (Tax Deducted at Source - ₹132,369; Previous Year ₹152,519)		1,200,000	1,382,751
Profit on sale of current Investments		18,474	-
Total		1,218,474	1,382,751
Expenditure			
Administrative and Other Expenses	9	894,250	1,138,700
Preliminary Expenses written off		-	93,227
Total		894,250	1,231,927
Profit before Tax		324,224	150,824
Less : Provision for Taxation - Income tax		(105,000)	(74,000)
Profit after Tax		219,224	76,824
Add : Profit brought Forward		76,824	-
Profit after Tax carried forward		296,048	76,824
Basic and Diluted Earnings per share (Refer Sch 10, Note 3 (a))		4.38	1.69
Significant Accounting Policies and Notes to Accounts	10		
As per our report of even date			

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Surekha Gracias
Partner
Membership No.:105488
Mumbai, April 13, 2011

Dr T C Nair
Director

B Gopalakrishnan
Director

AXIS MUTUAL FUND TRUSTEE LIMITED

Cash flow Statement	For the year	For the period
	ended March 31, 2011	January 2, 2009 to March 31, 2010
	Amount ₹	Amount ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	324,224	150,824
(Profit)/ Loss on Sale of current Investment (Net)	(18,474)	-
Operating profit before working capital changes	305,750	150,824
(Increase)/ Decrease in Loans and Advances	(3,513)	(6,787)
(Increase)/ Decrease in Other Current Assets	232,475	(232,475)
(Increase)/ Decrease in Sundry Debtors	205,457	(304,727)
Increase/ (Decrease) in Current Liabilities	(203,098)	405,688
Cash generated from operations	537,071	12,523
Income Tax Paid	(132,369)	(160,094)
Net cash from operating activities	404,702	(147,571)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,434,000)	(300,000)
Proceeds from Sale of Investments	880,000	-
Net cash from/ (used in) investing activities	(554,000)	(300,000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital - Equity	-	500,000
Capital Funds	-	100,000
Net cash from financing activities	-	600,000
Net (Decrease)/ Increase in cash and cash equivalents	(149,298)	152,429
Cash and cash equivalents at the beginning of the Year/ Period	152,429	-
Cash and cash equivalents at the end of the Year/ Period	3,131	152,429

As per our report of even date

For S. R. BATLIBOI & Co.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Surekha Gracias
Partner
Membership No.:105488
Mumbai, April 13, 2011

Dr T C Nair B Gopalakrishnan
Director Director

AXIS MUTUAL FUND TRUSTEE LIMITED

Schedules forming part of accounts

	As at March 31, 2011 Amount ₹	As At Mar 31, 2010 Amount ₹
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Schedule 1

Share Capital

Authorised

1,00,000 (Previous Year 1,00,000) Equity Shares of ₹10 each

1,000,000

1,000,000

Issued Subscribed and Paid up

50,000 (Previous Year 50,000) Equity Shares of ₹10 each, fully paid up

(All of the Shares are held by Axis Bank Limited,
the Holding Company and its nominees)

500,000

500,000

500,000

500,000

Schedule 2

Reserves & Surplus

Balance in Profit and Loss Account

296,048

76,824

Schedule 3

Investments

Long Term Investments (Non Trade, Unquoted)

99.513 Units (Previous Year Nil units) of ₹1,000 each in Axis Treasury
Advantage Fund - Retail - Growth Option

(Above Investments have been earmarked against capital fund)

100,000

-

A) **100,000**

-

Market Value of Long Term Investments

106,173

-

Current Investments (Non Trade, Unquoted)

284.391 Units (Previous Year 299.034 units) of ₹1,000 each in Axis
Treasury Advantage Fund - Retail - Growth Option

45545.562 Units (Previous Year Nil units) of ₹10 each in Axis Short
Term Fund - Retail - Growth Option

292,474

300,000

480,000

-

B) **772,474**

300,000

Market Value of Current Investments

785,534

300,000

Total A + B 872,474

300,000

Investments purchased and sold during the year in units

Long Term Investments (Non Trade, Unquoted)

Axis Treasury Advantage Fund - Retail - Growth Option

Opening units

Purchased units

Sold units

-

99.513

-

Current Investments (Non Trade, Unquoted)

Axis Treasury Advantage Fund - Retail - Growth Option

299.034

831.465

846.108

Axis Short Term Fund - Retail - Growth Option

-

45,545.562

-

AXIS MUTUAL FUND TRUSTEE LIMITED

Schedules forming part of accounts

	As at March 31, 2011	As At Mar 31, 2010
	Amount ₹	Amount ₹
Schedule 4		
Sundry Debtors		
(Unsecured, Considered Good)		
- More than 6 Months	-	-
- Others	99,270	304,727
	<u>99,270</u>	<u>304,727</u>
Schedule 5		
Cash and Bank Balances		
Balances with scheduled banks: In current accounts	3,131	152,429
	<u>3,131</u>	<u>152,429</u>
Schedule 6		
Other current assets		
Receivable from Axis Asset Management Company Limited	-	232,475
(amount due from companies under the same management)	-	<u>232,475</u>
Schedule 7		
Loans and Advances		
(Unsecured, Considered good)		
Advances recoverable in cash or kind	10,300	6,787
Advance tax and tax deducted at source (net of Provision for tax)	113,463	86,094
	<u>123,763</u>	<u>92,881</u>
Schedule 8		
Current Liabilities		
Other Liabilities (Refer Sch 10, Note 3 (b))	81,990	232,475
Accrued Expenses (Refer Sch 10, Note 3 (d))	99,267	55,407
Duties and Taxes payable	21,333	117,806
	<u>202,590</u>	<u>405,688</u>

AXIS MUTUAL FUND TRUSTEE LIMITED

Schedules forming part of accounts	For the year	For the period
	ended March 31, 2011	January 2, 2009 to March 31, 2010
	Amount ₹	Amount ₹
Schedule 9		
Administrative and Other Expenses		
Legal and professional fees	146,403	734,663
Travel and conveyance	-	21,878
Printing and stationery	1,103	-
Auditors Remuneration		
- Statutory Audit Fees	25,000	25,000
- Other matters	-	15,000
Directors sitting fees	680,000	340,000
Internal Meetings & Conference	1,500	-
Director Training Expenses	40,000	
Miscellaneous expenses	244	2,159
	894,250	1,138,700

Axis Mutual Fund Trustee Limited

Significant Accounting Policies and Notes Forming Part of the Accounts for the year ended March 31, 2011

Schedule 10

1. Background

Axis Mutual Fund Trustee Limited ('the Company') was incorporated on January 2, 2009 under the Companies Act, 1956 and is a wholly owned subsidiary of Axis Bank Limited.

The Company's principal activity is to act as a trustee to Axis Mutual Fund ('the Fund').

2. Significant accounting policies

a. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

b. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

d. Revenue recognition

Trustee fee is recognized on accrual basis, at the specific rates/ amount approved by the Board of directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Purchase and Sale of Investments are recorded on trade date. The profit/ loss on sale of investments are recognized in profit and loss account on trade date, using the weighted average cost method.

Axis Mutual Fund Trustee Limited

Significant Accounting Policies and Notes Forming Part of the Accounts for the year ended March 31, 2011

e. Taxes on income

Income tax expense is the aggregate amount of current tax and deferred tax. Current year taxes are determined in accordance with the Income-tax Act, 1961. Deferred income taxes reflects the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier year's.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon management's judgement as to whether realization is considered as reasonably certain.

f. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

g. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

h. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Axis Mutual Fund Trustee Limited

Significant Accounting Policies and Notes Forming Part of the Accounts for the year ended March 31, 2011

i. Preliminary Expenditure

The preliminary expenses incurred towards incorporation of the Company have been written off in the first year of operations.

3. Notes to Accounts

a. Earnings Per Share ('EPS')

EPS is computed in accordance with AS-20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India (ICAI). The numerators and denominators used to calculate Basic and Diluted Earnings per Share are given below:

Particulars	As at	As at
	March 31, 2011	March 31, 2010
(a) Nominal value of equity share (₹)	10	10
(b) Net profit available to equity shareholders (₹)	219,224	76,824
(c) Weighted average number of equity shares outstanding	50,000	45,485
(d) Basic and Diluted EPS (₹) = (b)/ (c)	4.38	1.69*

*non-annualised

The Company has not issued any potential equity shares and, accordingly, the basic EPS and diluted EPS are the same.

b. Other Liabilities

Other liabilities include Income Tax refund received, however assessment order has not yet been received.

c. Related Party Disclosure

- Related parties where control exists
Axis Bank Limited – Holding Company
- Other related parties with whom transactions have taken place during the period
Axis Asset Management Company Limited – Fellow Subsidiary

The nature and volume of transactions of the Company with the above related parties for the year ended 31 March 2011, were as follows:

Axis Mutual Fund Trustee Limited

Significant Accounting Policies and Notes Forming Part of the Accounts for the year ended March 31, 2011

Particulars	(Amount ₹)			
	Holding Company		Fellow Subsidiary	
	For the year ended March 31, 2011	For the period January 2, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 2, 2009 to March 31, 2010
Equity Share Capital Issued	-	500,000	-	-
Sponsors Contribution	-	100,000	-	-
Reimbursement of cost towards administrative & other expenses	-	-	46,547	25,107
Reimbursement of cost towards preliminary expenses	-	29,640	-	-

Details of outstanding balance at March 31, 2011

Particulars	(Amount ₹)			
	Holding Company		Fellow Subsidiary	
	For the year ended March 31, 2011	For the period January 2, 2009 to March 31, 2010	For the year ended March 31, 2011	For the period January 2, 2009 to March 31, 2010
Current Account Balance with Axis Bank	3,131	152,429	-	-
Accounts Receivable	-	-	-	232,475

d. Dues to Micro Small and Medium Enterprises

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).

e. Segment reporting

The Company acts as a Trustee for the schemes of Axis Mutual Fund. As the Company is engaged only in one business segment and has no geographical segments, the Balance Sheet and the Profit & Loss Account pertain to one business segment.

f. Capital fund

Capital fund comprises an amount received, on an irrevocable basis, from the Sponsor, as a contribution to the Fund in accordance with the terms of the Deed of Trust. The amount is held by the Company in its fiduciary capacity as the trustee to Axis Mutual Fund and is intended to be utilised only for the purposes as mentioned in the Deed of Trust.

g. Prior period comparatives

Figures of the previous period are regrouped and reclassified 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.

Axis Mutual Fund Trustee Limited

Significant Accounting Policies and Notes Forming Part of the Accounts for the year ended
March 31, 2011

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

per Surekha Gracias

Partner

Membership No.105488

Place: Mumbai

Date: April 13, 2011

For and on behalf of the Board of Directors

Dr T C Nair
Director

B. Gopalakrishnan
Director

AXIS MUTUAL FUND TRUSTEE LIMITED

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

a) Registration Details

Registration Number U66020MH2009PLC189325
State Code 11
Balance Sheet Date March 31, 2011

b) Capital raised during the year

(Amount in ₹000)

Public Issue Nil
Rights Issue Nil
Bonus Issue Nil
Private Placement Nil

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

Total Liabilities 896

Total Assets 896

Sources of Funds

Paid-up Capital 500
Reserves & Surplus 296
Secured Loans -
Capital Fund 100

Application of Funds

Net Fixed Assets -
Investments 872
Net Current Assets 24
Miscellaneous Expenditure -
Accumulated Losses -

d) Performance of Company (Amount in ₹000)

Total Income 1,218
Total Expenditure 894
Profit before tax 324
Profit after tax 219
Earnings per Share (Non-annualised) in ₹ 4.38
Dividend Rate (%) Nil

e) Generic Names of Three Principal Products/Services of Co. (as per Monetary terms)

Item Code No (ITC Code) N.A.
Product Description TRUSTEE SERVICES

For and on behalf of the Board of Directors

Mumbai, April 13, 2011

Dr T C Nair
Director

B Gopalakrishnan
Director