

15th ANNUAL REPORT

MARCH 2011

Deloitte Haskins & Sells

Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai - 400 018
India

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

1. We have audited the attached Balance Sheet of **DSP BlackRock Investment Managers Private Limited** ("the Company") as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the 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:

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- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

P. B. Pardiwalla

P. B. Pardiwalla
Partner
Membership No. 40005

Mumbai, 5th July 2011

Deloitte Haskins & Sells

Annexure to the Auditors' Report (Referred to in paragraph 3 of our report of even date)

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

DHS

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(vi) According to the information and explanations given to us in respect of statutory dues:

- a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- c) Details of dues of Service Tax which have not been deposited as on 31st March, 2011 on account of disputes are given below :

Statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates]	Amount involved (Rs. in '000)
Service tax	Interest on delayed payment	Superintendent (Audit)Gr-V Central Excise	2006-07	2,412

- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (viii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

DITS

Deloitte Haskins & Sells

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

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

P. B. Pardiwalla

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

MUMBAI, 5th July 2011

DSP BlackRock Investment Managers Private Limited

Balance Sheet

	Schedule No.	As at 31.3.2011 Rs. '000	As at 31.3.2010 Rs. '000
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	200,000	200,000
(b) Reserves & Surplus	2	1,959,419	1,490,371
2. Loan Funds			
Secured Loans	3	10,091	6,193
		2,169,510	1,696,564
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	4	317,651	231,076
Less : Depreciation / Amortisation		183,666	154,044
Net Block		133,985	77,032
Capital Work in Progress		2,294	1,576
2. Investments	5	1,887,733	1,430,895
3. Deferred Tax Asset (net)	15 II [note 8 (b)]	56,573	46,169
4. Current Assets, Loans and Advances			
(a) Sundry Debtors	6	265,700	221,845
(b) Cash and Bank Balances	7	17,628	28,502
(c) Loans and Advances	8	339,112	376,996
	(A)	622,440	627,343
Less : Current Liabilities and Provisions			
(a) Current Liabilities	9	481,787	439,496
(b) Provisions	10	51,728	46,955
	(B)	533,515	486,451
Net Current Assets	(A - B)	88,925	140,892
		2,169,510	1,696,564

Significant accounting policies and notes to accounts 15

Schedules 1 to 15 annexed hereto form part of these accounts

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

sd/-

P. B. Pardiwalla
Partner

For and on behalf of the Board of Directors

sd/-

Hemendra Kothari
Chairman

sd/-

K.R.V. Subrahmanian
Director

sd/-

Pritesh Majmudar
Company Secretary

Mumbai
5 July, 2011

Mumbai
5 July, 2011

DSP BlackRock Investment Managers Private Limited

Profit and Loss Account for the year ended 31 March 2011

	Schedule No.	Current Year Rs. '000	Previous Year Rs. '000
INCOME			
Asset Management and Advisory Fees		2,137,858	1,718,973
Other Income	11 (A)	80,618 2,218,476	69,314 1,788,287
EXPENDITURE			
Scheme Expenses (net)	12	498,105	196,669
Employee Costs	13	651,768	550,563
Administrative and Other Expenses	14	364,539	255,730
Depreciation / Amortisation		42,571	43,464
Interest Expenses		828	778
	(B)	1,557,811	1,047,204
PROFIT BEFORE TAXATION	(A - B)	660,665	741,083
Provision for Taxation (Refer Note 9 (a) of Schedule 15)		191,617	228,504
PROFIT AFTER TAXATION		469,048	512,579
BALANCE BROUGHT FORWARD		1,487,971	975,392
BALANCE CARRIED TO BALANCE SHEET		1,957,019	1,487,971
Earnings per share (Face value of Rs. 10 each)			
- Basic		23.45	25.63
- Diluted (Refer Note 11 of Schedule 15)			

Significant accounting policies and notes to accounts 15

Schedules 1 to 15 annexed hereto form part of these accounts

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

sd/-

P. B. Pardiwalla
Partner

For and on behalf of the Board of Directors

sd/-

Hemendra Kothari
Chairman

sd/-

K.R.V. Subrahmanian
Director

sd/-

Pritesh Majmudar
Company Secretary

Mumbai
5 July, 2011

Mumbai
5 July, 2011

DSP BlackRock Investment Managers Private Limited

Cash Flow Statement for the year ended 31 March 2011

	Current Year Rs '000	Previous Year Rs '000
A. Cash Flow from Operating Activities		
Profit Before Tax	660,665	741,083
Adjustments for :		
Depreciation	42,571	43,464
Loss on disposal of Fixed Assets	152	736
Dividend on Units	(57,283)	(35,892)
Interest on Auto Loan	828	778
Profit on Sale of Current Investments (net)	(21,995)	(29,781)
Operating Profit Before Working Capital Changes	624,938	720,388
Adjustments for :		
Trade Receivables	(43,855)	(47,951)
Other Receivables	123,172	(40,687)
Payables and Provisions	47,064	184,396
Cash Generated from Operations	751,319	816,146
Direct Taxes Paid	(287,309)	(270,514)
Net Cash Flow generated from Operating Activities	(A) 464,010	545,632
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(101,868)	(25,219)
Proceeds from Sale of Fixed Assets	1,474	394
Acquisition of Investments	(2,100,520)	(1,720,376)
Proceeds from Sale of Investments	1,725,520	1,226,776
Dividend received	17,782	3
Investment in subsidiary company	(20,342)	(9,878)
Net Cash used in Investing Activities	(B) (477,954)	(528,300)
C. Cash Flow from Financing Activities :		
Increase / (Decrease) in Secured Loans	3,898	(638)
Interest on Auto loan	(828)	(778)
Net Cash generated from / (used in) Financing Activities	(C) 3,070	(1,416)
Net (Decrease) / Increase in Cash and Cash Equivalents	(A+B+C) (10,874)	15,916
Cash and Cash Equivalents as at the beginning of the year	28,502	12,586
Cash and Cash Equivalents as at the close of the year	17,628	28,502
Net (Decrease) / Increase in Cash and Cash Equivalents	(10,874)	15,916

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

sd/-

P. B. Pardiwalla
Partner

For and on behalf of the Board of Directors

sd/-

Hemendra Kothari
Chairman

sd/-

K.R.V. Subrahmanian
Director

sd/-

Pritesh Majmudar
Company Secretary

DSP BlackRock Investment Managers Private Limited

Schedules annexed to and forming part of the accounts for the year ended 31 March 2011

	As at 31.3.2011 Rs. '000	As at 31.3.2010 Rs. '000
1. SHARE CAPITAL :		
Authorised		
30,000,000 (Previous year - 30,000,000) Equity Shares of Rs. 10/- each	300,000	300,000
Issued and Subscribed		
20,000,000 Equity Shares of Rs.10/- each, fully paid up	200,000	200,000
	200,000	200,000
2. RESERVES AND SURPLUS :		
General Reserve		
Balance as per last Balance Sheet	2,400	2,400
Surplus in Profit and Loss Account	1,957,019	1,487,971
	1,959,419	1,490,371
3. SECURED LOANS :		
From Bank (Secured against hypothecation of vehicles acquired under Auto Loan Scheme)	10,091	6,193
	10,091	6,193

4. FIXED ASSETS :

Description	Gross Block (At Cost)			Depreciation/ Amortisation			Net Block	
	As on 1.4.2010 Rs. '000	Additions/ (Deductions) Rs. '000	As on 31.3.2011 Rs. '000	As on 1.4.2010 Rs. '000	Additions/ (Deductions) Rs. '000	Upto 31.3.2011 Rs. '000	As on 31.3.2011 Rs. '000	As on 31.3.2010 Rs. '000
<u>Tangible Assets</u>								
Leasehold Improvements	66,880	49,076 (4,876)	111,080	43,227	12,442 (4,713)	50,956	60,124	23,653
Furniture & Fixtures	3,061	1,976 (472)	4,565	2,784	324 (472)	2,636	1,929	277
Equipments	39,111	14,778 (5,612)	48,277	25,876	7,618 (5,304)	28,190	20,087	13,235
Computers & Allied Equipment	81,481	14,938 (203)	96,216	63,719	10,927 (199)	74,447	21,769	17,762
Vehicles *	15,794	7,069 (3,412)	19,451	5,725	3,250 (2,261)	6,714	12,737	10,069
<u>Intangible Assets</u>								
Software	24,749	13,313 -	38,062	12,713	8,010 -	20,723	17,339	12,036
Total	231,076	101,150 (14,575)	317,651	154,044	42,571 (12,949)	183,666	133,985	77,032
Previous Year	220,425	24,264 (13,613)	231,076	123,063	43,464 (12,483)	154,044	77,032	
Capital Work in Progress							2,294	1,576

* Acquired on Hire Purchase

DSP BlackRock Investment Managers Private Limited

Schedules annexed to and forming part of the accounts for the year ended 31 March 2011

	As at 31.3.2011 Rs. '000	As at 31.3.2010 Rs. '000
5. INVESTMENTS : (unquoted) Long Term (Trade) (at cost) :		
Shares in wholly owned subsidiary company : 749,750 (Previous year - 299,905) Equity Shares of USD 1 each fully paid up in DSP BlackRock Investment Managers (Mauritius) Ltd.	35,059	14,717
Current Investments (at lower of cost and fair value) (As per Annexure A)	1,852,674	1,416,178
	1,887,733	1,430,895
6. SUNDRY DEBTORS : (Unsecured, considered good)		
Debts outstanding for a period of less than six months	265,700	221,845
	265,700	221,845
7. CASH AND BANK BALANCES :		
Balances with Scheduled Banks - In Current Accounts	17,628	28,502
	17,628	28,502
8. LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	78,559	218,649
Service tax input credit	52,945	40,892
Premises and other deposits	29,758	26,061
Loans and advances to employees		
- Considered Good	3,896	2,728
- Considered Doubtful	-	688
Less : Provision for doubtful advances	-	688
	3,896	2,728
Advance payment of Income Tax (net of provisions)	173,954	88,666
	339,112	376,996
9. CURRENT LIABILITIES :		
Sundry Creditors (Refer Note below) Total outstanding dues of creditors other than micro enterprises and small enterprises.	426,752	394,606
Other Liabilities	55,035	44,890
	481,787	439,496
Note:		
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.		
10. PROVISIONS :		
Gratuity	35,701	27,192
Leave Encashment	16,027	19,763
	51,728	46,955

Schedules annexed to and forming part of the accounts for the year ended 31 March 2011

	Current Year Rs. '000	Previous Year Rs. '000
11. OTHER INCOME:		
Dividend on Units (Current Investments)	57,283	35,892
Profit on Sale of Current Investments (net)	21,995	29,781
Interest Income	364	440
Other Miscellaneous Income	976	3,201
	80,618	69,314
12. SCHEME EXPENSES (net):		
Brokerage	331,003	154,233
Advertising, Publicity and others	166,767	42,201
Finance Charges	335	235
	498,105	196,669
Note:		
Scheme expenses are shown net of expenditure reimbursed - Rs. 1,024,504,237/- (Previous Year - Rs.1,095,102,075/-) by the respective Mutual Fund schemes managed by the Company.		
13. EMPLOYEE COSTS :		
Salaries and Bonus	615,051	523,577
Contribution to Provident and other funds	16,402	14,762
Staff welfare expenses	20,315	12,224
	651,768	550,563
14. ADMINISTRATIVE AND OTHER EXPENSES (net) :		
Rent	99,169	71,895
Professional fees	54,202	36,461
SEBI registration and filing fees	9,456	442
Infrastructure & Technology Cost	21,644	17,981
Directors' sitting fees	1,950	2,025
Electricity	13,133	11,744
Foreign Exchange Loss (Net)	6,442	6,711
Insurance	17,347	16,411
Loss on disposal of Fixed Assets	152	736
Mailing expenses	17,068	8,834
Office Maintenance	21,604	16,408
Rates & Taxes	2,108	2,575
Repairs & Maintenance - others	11,198	9,908
Travelling expenses	19,899	11,023
Miscellaneous expenses	69,167	42,169
	364,539	255,323

Annexure : A TO SCHEDULE 5

	As at 31 st March, 2011		As at 31st March, 2010	
	No.	Book Value Rs. '000	No.	Book Value Rs. '000
1 Current Investments (Quoted) (at lower of cost and fair value)				
DSP BlackRock Fixed Term Plan - 12 M Series 5 - Growth	10,000,000	100,000	-	-
DSP BlackRock Fixed Term Plan - 12 M Series 6 - Growth	20,000,000	200,000	-	-
DSP BlackRock Fixed Term Plan - 12 M Series 7 - Growth	20,000,000	200,000	-	-
DSP BlackRock Fixed Term Plan - 12 M Series 9 - Growth	25,000,000	250,000	-	-
DSP BlackRock Fixed Term Plan - 12 M Series 10 - Growth	10,000,000	100,000	-	-
DSP BlackRock Fixed Term Plan - 13 M Series 4 - Growth	20,000,000	200,000	-	-
DSP BlackRock Fixed Term Plan - 12 M Series 15 - Growth	15,000,000	150,000	-	-
	1,200,000			
2 Current Investments (Other than Quoted) (at lower of cost and fair value)				
DSP BlackRock Bond Fund - Retail - Monthly Dividend Option	9,666	100	9,666	100
DSP BlackRock Govt Sec. Fund - Plan A - (Longer Duration Plan) - Monthly Dividend Option	9,997	101	9,997	101
DSP BlackRock Govt Sec. Fund - Plan A - (Longer Duration Plan) - Growth Option	5,044	120	5,044	120
DSP BlackRock Treasury Bill Fund Fund - Plan B - (Shorter Duration Plan) - Dividend Option	2,786,422	28,319	1,299,818	13,145
DSP BlackRock Liquidity Fund - Regular Plan - Daily Dividend	10,732	107	10,228	102
DSP BlackRock Floating Rate Fund - Institutional Plan - Dividend	148	148	96,649	96,661
DSP BlackRock Floating Rate Fund - Institutional Plan - Weekly Dividend	232	232	427,729	428,049
DSP BlackRock Strategic Bond Fund - Institutional Plan - Weekly Dividend	410	411	232,029	232,837
DSP BlackRock Strategic Bond Fund - Institutional Plan - Growth	899	911	212,606	215,293
DSP BlackRock Strategic Bond Fund - Institutional Plan - Monthly Dividend	176	179	25,430	25,835
DSP BlackRock Strategic Bond Fund - Institutional Plan - Dividend	237	240	21,333	21,605
DSP BlackRock Strategic Bond Fund - Regular Plan - Daily Dividend	108	108	103	103
DSP BlackRock Strategic Bond Fund - Institutional Plan - Daily Dividend	108	108	104	104
DSP BlackRock Short Term Fund - Weekly Dividend	25,521	260	9,981,438	101,702
DSP BlackRock Liquidity Fund - Institutional Weekly Dividend	86,013	86,107	280,071	280,187
DSP BlackRock Liquidity Fund - Regular Plan - Growth	5,353	117	5,353	117
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	89	117	89	117
DSP BlackRock Money Manager Fund - Institutional Plan - Weekly Dividend	534,060	534,726	-	-
DSP BlackRock Government Securities Fund - Dividend	22,575	263	-	-
	652,674		1,416,178	
Aggregate of Book Value		1,852,674		1,416,178
Aggregate of Fair Value of Units		1,879,826		1,430,365

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

	No of units
DSP BlackRock Strategic Bond Fund - Institutional - Weekly Dividend	674
DSP BlackRock Strategic Bond Fund - Institutional Plan - Monthly Dividend	197
DSP BlackRock Floating Rate Fund - Institutional Plan - Dividend	717
DSP BlackRock Floating Rate Fund - Institutional Plan - Weekly Dividend	299,379
DSP BlackRock Short Term Fund - Weekly Dividend	230,067
DSP BlackRock Liquidity Fund - Institutional Weekly Dividend	509,404
DSP BlackRock Money Manager Fund - Institutional Plan - Weekly Dividend	1,460,795
DSP BlackRock Government Securities Fund - Dividend	16,819,753
DSP BlackRock Fixed Term Plan - 3M Series 17 - Dividend	20,000,000
DSP BlackRock Fixed Term Plan - 3M Series 18 - Dividend	20,000,000
DSP BlackRock Fixed Term Plan - 3M Series 20 - Dividend	15,000,000
DSP BlackRock Fixed Term Plan - 3M Series 23 - Dividend	20,000,000
DSP BlackRock Fixed Term Plan - 3M Series 24 - Dividend	34,000,000
DSP BlackRock Fixed Term Plan - 3M Series 25 - Dividend	10,000,000

Schedule 15: Significant Accounting Policies and Notes on Accounts

I. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956.

b) Use of estimates

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

c) Fixed Assets and Depreciation

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

Depreciation on assets is provided, prorata for the period of use, by the written down value method at the rates prescribed in Schedule XIV to the Act except as follows:

- Leasehold improvements are depreciated over the lease period.
- Furniture and Fixtures are depreciated on a straight line basis over a period of 3 years.
- Computers and equipments are depreciated on a straight line basis over a period of 4 years.

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

Schedule 15: Significant Accounting Policies and Notes on Accounts

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

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

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

b) Investments

Investments are classified as current or long term.

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

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

c) Revenue Recognition

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

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

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

Schedule 15: Significant Accounting Policies and Notes on Accounts

d) Employee Benefits

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

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

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

Actuarial Gains and losses are recognised immediately in the Profit and Loss Account.

e) Foreign Currency Transactions

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

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

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

f) Income Tax

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

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

Schedule 15: Significant Accounting Policies and Notes on Accounts

authorities, using the applicable tax rates and tax laws.

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

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

g) Earnings Per Share

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

h) Operating leases

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

i) Cash Flow Statement

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

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

j) Contingent liabilities

Contingent Liabilities as defined in Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are disclosed by way of notes to the accounts. Disclosure is

Schedule 15: Significant Accounting Policies and Notes on Accounts

not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it becomes probable that an outflow of future economic benefits will be required to settle the obligation.

II. NOTES TO ACCOUNTS:

Background:

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

1. Contingent Liabilities

Interest on outstanding dues contested with Service tax authorities.

Current Year	Previous Year
Rs.(‘000)	Rs.(‘000)
2,412	2,412

2. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 2,398,247/- (Previous Year – Rs. 1,330,500/-).

3. Payment to Auditors (including Service Tax)

a. As Auditors
b. Tax Audit fees
c. As advisor or in any other capacity:
 Certification etc.
d. As expenses

Current Year	Previous Year
Rs.(‘000)	Rs.(‘000)
1,290	1,183
372	341
303	22
2	4

Schedule 15: Significant Accounting Policies and Notes on Accounts

4. Derivative Instruments

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

Amounts receivable in foreign currency on account of the following:

	Current Year ('000)		Previous Year ('000)	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Non-binding Offshore Advisory fees	USD 1,063	47,474	USD 1,589	72,134
	JPY 43,951	23,742	JPY 55,038	26,660

5. Employee Benefits:

a) Defined Contribution Plan:

	Current Year (Rs.'000)	Previous Year (Rs.'000)
Company's contribution to Provident and other Funds	16,402	14,762

Schedule 15: Significant Accounting Policies and Notes on Accounts

b) Defined Benefit Plans:

	Gratuity Current Year (Rs.'000)	Gratuity Previous Year (Rs.'000)
a) Liability recognized in the Balance Sheet		
i) Present value of obligation		
As at 1 April 2010	27,193	21,551
Service Cost	6,604	6,091
Interest Cost	2,785	2,185
Actuarial (gain) / loss on obligation	457	(1,717)
Benefits paid	(1,338)	(917)
As at 31 March 2011	35,701	27,193
Amount recognized in Balance Sheet	35,701	27,193
b) Expense during the year (included in Schedule 13 under Salaries and Bonus)		
Service cost	6,604	6,091
Interest cost	2,785	2,185
Actuarial (gain) / loss	457	(1,717)
Total	9,846	6,559
c) Principal actuarial assumptions		
Rate of Discounting	8.30% p.a.	8.30% p.a.
Rate of increase in salaries	7.00% p.a.	7.00% p.a.
Attrition Rate		
Age 21 – 44 years	2% p.a.	2% p.a.
Age 45 – 59 years	1% p.a.	1% p.a.

In assessing the Company's Post Retirement Liabilities the company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

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

Schedule 15: Significant Accounting Policies and Notes on Accounts

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

Other disclosures:

(Rs.'000)

	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	35,701	27,193	21,551	14,583
Plan Assets	-	-	-	-
Surplus / (Deficit)	(35,701)	(27,193)	(21,551)	(14,583)
Experience Adjustments on Plan Liabilities – Loss	457	(1,717)	(1,281)	317
Experience Adjustments on Plan Liabilities – Gain	-	-	-	-

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

	Current Year Rs.('000)	Previous Year Rs.('000)
(i) Earnings in foreign currency		
Non-binding Offshore Advisory fees	394,474	223,696
Retrocession Fee	Nil	166,985
(ii) Expenditure in foreign currency		
Travel	2,879	1,831
Others	541	2,230

(iii) Value of imported capital goods on CIF basis Rs. 4,144,165/- (Previous Year – Rs. 1,955,850/-).

7. Assets Taken on Lease

a. Disclosures in respect of Operating Leases

1. Lease payments recognised in the Profit and Loss Account amounts to Rs. 99,168,568/- (Previous Year – Rs. 71,895,005/-).

Schedule 15: Significant Accounting Policies and Notes on Accounts

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

b. Disclosures in respect of Finance Leases

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

	Due not later than one year		Due later than one year but not later than five years	
	Current Year Rs.('000)	Previous Year Rs.('000)	Current Year Rs.('000)	Previous Year Rs.('000)
Total minimum future lease payments	4,638	3,162	7,022	4,053
Less: Finance Charge on future lease payments	(861)	(585)	(707)	436
Present Value of lease payments	3,776	2,577	6,315	3,617

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

8. a) Provision for Taxation includes:

	Current Year Rs. ('000)	Previous Year Rs. ('000)
Current Tax	202,021	239,748
Deferred Tax	(10,404)	(11,244)
Total	191,617	228,504

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

	Current Year Rs. ('000)	Previous Year Rs. ('000)
Depreciation	13,016	10,640
Expenses allowable on payment basis:		
Employee Benefits	43,557	35,529
Total	56,573	46,169

Schedule 15: Significant Accounting Policies and Notes on Accounts

9. Related Party Disclosures:

I) List of Related Parties and their relationships

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

DSP BlackRock Investment Managers Private Limited

Schedule 15: Significant Accounting Policies and Notes on Accounts

ii) Transactions during the year with Related Parties :

Sr no	Nature of Transaction	Subsidiary (Rs. '000)	Associated Enterprises		Key Management Personnel and their Relatives (Rs. '000)	Total (Rs. '000)
			DSP BlackRock Mutual Fund (Rs. '000)	Others (Rs. '000)		
1	Revenue					
	Investment / Advisory Management Fees					
	Current Year	2,421	1,743,384	392,053 ⁽¹⁾	-	2,137,858
	Previous Year	-	1,327,353	390,681	-	1,718,034
2	Expenditure					
	Rent					
	Current Year	-	-	30,214 ⁽²⁾	-	30,214
	Previous Year	-	-	-	-	-
3	Software Expenses					
	Current Year	-	-	11,970 ⁽³⁾	-	11,970
	Previous Year	-	-	-	-	-
4	Remuneration					
	Current Year	-	-	-	10,033	10,033
	Previous Year	-	-	-	14,007	14,007
5	Reimbursement / (Recovery) of expenses (net)					
	Current Year	-	(1,130,028)	(45,399) ⁽⁴⁾	-	(1,175,427)
	Previous Year	-	(1,208,007)	(72,818)	-	(1,280,825)
6	Investments					
	Purchases					
	Current Year	20,342	2,090,500	-	-	2,110,842
	Previous Year	9,878	1,797,400	-	-	1,807,278
	Sales					
	Current Year	-	1,715,500	-	-	1,715,500
	Previous Year	-	1,448,800	-	-	1,448,800
	Dividend on Units					
	Current Year	-	57,283	-	-	57,283
	Previous Year	-	35,892	-	-	35,892
	Balances Outstanding as at 31 March 2010					
7	Investments					
	Current Year	35,059	1,852,674	-	-	1,887,733
	Previous Year	14,717	1,416,178	-	-	1,430,895
8	Investment / Advisory Management Fees Receivable					
	Current Year	2,421	194,484	68,795 ⁽⁵⁾	-	265,700
	Previous Year	-	123,051	98,794	-	221,845
9	Expenditure / Reimbursement Receivable/ (Payable)					
	Current Year	-	233,818	(11,970) ⁽³⁾	-	221,848
	Previous Year	-	274,137	44,333 ⁽⁴⁾	-	318,470

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

- Non-binding Offshore Advisory Fees / Management Fee (Rs.'000)
From BlackRock India Equities Fund (Mauritius) Ltd (erstwhile Merrill Lynch Investment Managers (Asia) Limited) is Rs.128,964/- (Prev Year - Rs. 96,316/-)
From BlackRock (Hong Kong) Ltd (erstwhile Merrill Lynch Investment Managers (Asia) Limited) is Rs.263,089/- (Prev Year - Rs.127,380/-)
From BlackRock (Channel Islands) Ltd is Rs. Nil /- (Prev Year - Rs 166,985)
- Reclamation Properties (India) Pvt. Ltd.
- BlackRock Financial Management, Inc
- BlackRock, Inc
- Balance as at 31 March 2011 - Advisory Fees (Rs.'000)
From BlackRock India Equities Fund (Mauritius) Ltd is Rs.38,952/- (Prev Year - Rs. 25,057/-)
From BlackRock (Hong Kong) Ltd (erstwhile Merrill Lynch Investment Managers (Asia) Limited) is Rs.29,842/- (Prev Year - Rs.32,019/-)
From BlackRock (Channel Islands) Ltd is Rs. Nil/-(Prev Year - Rs 44,320)

Schedule 15: Significant Accounting Policies and Notes on Accounts

10. Earnings per share (EPS):

	Current Year	Previous Year
Net Profit (Rs '000)	469,048	512,579
Weighted average number of shares ('000)	20,000	20,000
Basic EPS (Rs.)	23.45	25.63
Face Value / Nominal Value per share (Rs.)	10	10

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

11. Segment Reporting

The Company operates in a single reportable segment.

12. Comparatives

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

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

sd/-

P. B. Pardiwalla

Partner

Membership No. 40005

Mumbai

5 July 2011

For and on behalf of the Board of Directors

sd/-

Hemandra Kothari

Chairman

sd/-

K.R.V. Subrahmanian

Director

sd/-

Pritesh Majmudar

Company Secretary

Mumbai

5 July 2011

Schedule 15: Significant Accounting Policies and Notes on Accounts

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

I. Registration Details

9	9	4	8	3
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 State Code

1	1
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 (Refer Code List)

Balance Sheet Date

3	1
---	---

 Date

0	3
---	---

 Month

2	0	1	1
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 Year

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

<p>Public Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">N</td> <td style="width: 20px; height: 20px; text-align: center;">I</td> <td style="width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L	<p>Right Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">N</td> <td style="width: 20px; height: 20px; text-align: center;">I</td> <td style="width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L
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<p>Bonus Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">N</td> <td style="width: 20px; height: 20px; text-align: center;">I</td> <td style="width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L	<p>Private Placement</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">N</td> <td style="width: 20px; height: 20px; text-align: center;">I</td> <td style="width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>							N	I	L
						N	I	L											
						N	I	L											

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

<p>Total Liabilities</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">6</td> <td style="width: 20px; height: 20px; text-align: center;">9</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> </tr> </table>			2	1	6	9	5	1	0	<p>Total Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">6</td> <td style="width: 20px; height: 20px; text-align: center;">9</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> </tr> </table>			2	1	6	9	5	1	0
		2	1	6	9	5	1	0											
		2	1	6	9	5	1	0											

Sources of Funds

<p>Paid-up Capital</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">2</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> </tr> </table>				2	0	0	0	0	0	<p>Reserves & Surplus</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">9</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> <td style="width: 20px; height: 20px; text-align: center;">9</td> <td style="width: 20px; height: 20px; text-align: center;">4</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">9</td> </tr> </table>			1	9	5	9	4	1	9
			2	0	0	0	0	0											
		1	9	5	9	4	1	9											
<p>Secured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">1</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> <td style="width: 20px; height: 20px; text-align: center;">9</td> <td style="width: 20px; height: 20px; text-align: center;">1</td> </tr> </table>				1	0	0	9	1	<p>Unsecured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px; text-align: center;">N</td> <td style="width: 20px; height: 20px; text-align: center;">I</td> <td style="width: 20px; height: 20px; text-align: center;">L</td> </tr> </table>						N	I	L		
			1	0	0	9	1												
					N	I	L												

Schedule 15: Significant Accounting Policies and Notes on Accounts

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

Product Description

Item Code No.

I	N	V	E	S	M	E	N	T
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N	O	T
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M	A	N	A	G	E	M	E	N	T
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A	P	P	L	I	C	A	B	L	E
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S	E	R	V	I	C	E	S
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For and on behalf of the Board of Directors

sd/-

sd/-

Hemendra Kothari
Chairman

K.R.V. Subrahmanian
Director

sd/-

Pritesh Majmudar
Company Secretary

Mumbai
5 July 2011