

**Tata Asset Management Limited**

**Financial statements  
together with the Auditors' Report  
for the year ended 31 March 2011**

# Tata Asset Management Limited

## **Financial statements together with Auditors' Report** *for the year ended 31 March 2011*

### ***Contents***

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**Auditors' Report****To the Members of  
Tata Asset Management Limited**

We have audited the attached balance sheet of Tata Asset Management Limited ('the Company') as at 31 March 2011 and the profit and loss account and the 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.

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.

As required by the Companies (Auditor's Report) Order, 2003 and amendments thereto ('together referred to as the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- (v) on the basis of 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 are disqualified as on 31 March 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Act;

**Auditors' Report (*Continued*)**

**Tata Asset Management Limited**

- (vi) 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 Act, 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 of the Company for the year ended on that date; and
  - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For B S R & Associates  
Chartered Accountants  
Firm's Registration No: 116231W

Akeel Master  
Partner  
Membership No: 046768

24 May 2011

## Tata Asset Management Limited

### Annexure to Auditors' Report – 31 March 2011

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. The Company is a service company, primarily rendering asset management services to Tata Mutual Fund. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
3. According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in register required to be maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable.
4. 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 nature of its business with regards to purchase of fixed assets and with regards to rendering of services. The activities of the Company do not involve the purchase of inventory and sale of goods. We have not observed any major weaknesses in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of Investor Education and Protection Fund, Sales Tax, Excise Duty and Customs Duty.

## Tata Asset Management Limited

### Annexure to Auditors' Report – 31 March 2011 (*Continued*)

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became applicable.

According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute.

- (c) Further, there were no dues on account of cess under section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company did not have any dues to any financial institutions or banks or debenture holders during the year.
12. According to the information and explanations given 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.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. Based on information and explanations provided by the management, in respect of dealing and trading in shares and securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and securities have been held by the Company in its own name. As explained to us, the Company is not involved in dealing or trading of debentures.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us, the Company has not availed of long term loans. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
17. According to the information and explanations given to us and based on overall examination of the balance sheet of the Company, the Company has not used any funds raised on short-term basis for long-term purposes.
18. As stated in paragraph 3 above, there are no companies / firms / other parties covered in the register required to be maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year and there are not outstanding debentures during the year.

## Tata Asset Management Limited

### Annexure to Auditors' Report – 31 March 2011 (*Continued*)

20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no significant frauds on or by the Company has been noticed or reported during the year.

For B S R & Associates  
*Chartered Accountants*  
Firm's Registration No: 116231W

Akeel Master  
*Partner*  
Membership No: 046768

24 May 2011

# Tata Asset Management Limited

## Balance sheet

as at 31 March 2011

(Currency: Indian Rupees)

|                                           | Schedules | 2011                 | 2010                 |
|-------------------------------------------|-----------|----------------------|----------------------|
| <b>SOURCES OF FUNDS</b>                   |           |                      |                      |
| <b>Shareholders' funds</b>                |           |                      |                      |
| Share capital                             | 3         | 164,062,500          | 164,062,500          |
| Reserves and surplus                      | 4         | 1,069,589,283        | 1,003,053,356        |
|                                           |           | <u>1,233,651,783</u> | <u>1,167,115,856</u> |
| Deferred tax liability (net)              | 5         | 308,924              | 1,292,140            |
|                                           |           | <u>1,233,960,707</u> | <u>1,168,407,996</u> |
| <b>APPLICATION OF FUNDS</b>               |           |                      |                      |
| <b>Fixed assets</b>                       |           |                      |                      |
| Gross block                               | 6         | 279,527,875          | 255,400,003          |
| Less: Accumulated depreciation            |           | <u>116,225,696</u>   | <u>104,210,559</u>   |
| Net block                                 |           | 163,302,179          | 151,189,444          |
| Capital work in progress                  |           | <u>4,108,907</u>     | <u>2,800,000</u>     |
|                                           |           | <u>167,411,086</u>   | <u>153,989,444</u>   |
| <b>Investments</b>                        | 7         | 1,084,929,147        | 952,691,819          |
| <b>Current assets, loans and advances</b> |           |                      |                      |
| Cash and bank balances                    | 8         | 3,771,703            | 32,556,011           |
| Sundry debtors                            | 9         | 58,581,948           | 180,810,191          |
| Loans and advances                        | 10        | 359,618,688          | 312,024,036          |
|                                           |           | <u>421,972,339</u>   | <u>525,390,238</u>   |
| <b>Current liabilities and provisions</b> |           |                      |                      |
| Current liabilities                       | 11        | 287,475,596          | 281,904,513          |
| Provisions                                | 12        | 152,876,269          | 181,758,992          |
|                                           |           | <u>440,351,865</u>   | <u>463,663,505</u>   |
| <b>Net current assets</b>                 |           | <u>(18,379,526)</u>  | <u>61,726,733</u>    |
|                                           |           | <u>1,233,960,707</u> | <u>1,168,407,996</u> |

### Significant accounting policies

#### Notes to the accounts

The schedules referred to above form an integral part of the balance sheet.

As per our report of even date

For B S R & Associates

Chartered Accountants

Firm's Registration No: 116231W

For and on behalf of the Board of Directors of  
Tata Asset Management Limited

Akeel Master

Partner

Membership No: 046768

Farrokh K. Kavarana

Chairman

Arunkumar R. Gandhi

Director

Mumbai

24 May 2011

Madhav L. Apte

Director

Aspy Cooper

Director

Abdul Hasib

Director

Sanjay Sachdev

President & CEO

Hofimuz A. Bulsara

Chief Financial Officer

Nariman Khan

Company Secretary

# Tata Asset Management Limited

## Profit and loss account

for the year ended 31 March 2011

(Currency: Indian Rupees)

|                                                                                       | Schedules | 2011                 | 2010                 |
|---------------------------------------------------------------------------------------|-----------|----------------------|----------------------|
| <b>Income</b>                                                                         |           |                      |                      |
| Management fees                                                                       | 13        | 1,096,390,384        | 1,040,100,445        |
| Dividend                                                                              |           |                      |                      |
| - Long term investments - from subsidiary company                                     |           | -                    | 101,227,500          |
| - Current investments                                                                 |           | 33,201,080           | 34,516,723           |
| Profit on sale of investments (net)                                                   |           | 5,711,590            | 11,972,920           |
| Other income                                                                          | 14        | 37,980,675           | 29,415,783           |
|                                                                                       |           | <u>1,173,283,729</u> | <u>1,217,233,372</u> |
| <b>Expenditure</b>                                                                    |           |                      |                      |
| Employee cost                                                                         | 15        | 375,090,689          | 345,774,825          |
| Operating and administrative expenses                                                 | 16        | 521,796,896          | 429,631,708          |
| Depreciation                                                                          | 6         | 25,177,174           | 22,174,283           |
| Reversal in diminution in value of investments                                        |           | -                    | (29,733,288)         |
|                                                                                       |           | <u>921,064,759</u>   | <u>767,847,528</u>   |
| <b>Profit before taxation</b>                                                         |           | <b>251,218,970</b>   | <b>449,385,844</b>   |
| <b>Less : Provision for tax:</b>                                                      |           |                      |                      |
| - Current tax                                                                         |           | 73,900,000           | 130,750,000          |
| - Short provision of tax for earlier years                                            |           | 5,465,227            | 2,325,000            |
| - Current wealth tax                                                                  |           | 158,803              | 185,355              |
| - Short provision of fringe benefit tax for earlier years                             |           | 1,269,583            | -                    |
| - Deferred tax credit                                                                 |           | (983,216)            | (8,311,634)          |
| <b>Profit after taxation</b>                                                          |           | <b>171,408,573</b>   | <b>324,437,123</b>   |
| Balance in the profit and loss account brought forward                                |           | 703,278,356          | 557,799,924          |
| <b>Amount available for appropriation</b>                                             |           | <b>874,686,929</b>   | <b>882,237,047</b>   |
| <b>Appropriations</b>                                                                 |           |                      |                      |
| Proposed dividend                                                                     |           | 90,234,375           | 123,046,875          |
| Tax on dividend                                                                       |           | 14,638,271           | 20,911,816           |
| Transfer to general reserve                                                           |           | 20,000,000           | 35,000,000           |
| <b>Balance in the profit and loss account carried forward</b>                         |           | <b>749,814,283</b>   | <b>703,278,356</b>   |
| <b>Earnings per Share of face value of Rs.10 each</b>                                 |           |                      |                      |
| Basic and diluted (in Rs.)                                                            | 20        | 10.45                | 19.78                |
| <b>Significant accounting policies</b>                                                | 2         |                      |                      |
| <b>Notes to the accounts</b>                                                          | 17 - 29   |                      |                      |
| The schedules referred to above form an integral part of the profit and loss account. |           |                      |                      |

As per our report of even date

For BSR & Associates  
Chartered Accountants  
Firm's Registration No: 116231W

For and on behalf of the Board of Directors of  
Tata Asset Management Limited

Akeel Master  
Partner  
Membership No: 046768

Farrokh K. Kavarana  
Chairman

Arunkumar R. Gandhi  
Director

Mumbai  
24 May 2011

Madhav L. Apte  
Director

Aspy Cooper  
Director

Abdul Hasib  
Director

Shreyas Sachdev  
President & CEO

Hormuz A. Bukara  
Chief Financial Officer

Nariman Khan  
Company Secretary

# Tata Asset Management Limited

## Cash flow statement

for the year ended 31 March 2011

(Currency: Indian Rupees)

|                                                                                 | Schedules | 2011                 | 2010                 |
|---------------------------------------------------------------------------------|-----------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                                     |           |                      |                      |
| Net profit before taxation                                                      |           | 251,218,970          | 449,385,844          |
| Adjustment for:                                                                 |           |                      |                      |
| Depreciation                                                                    |           | 25,177,174           | 22,174,283           |
| Interest income                                                                 |           | (1,807,820)          | -                    |
| Dividend income                                                                 |           | (33,201,080)         | (135,744,223)        |
| Reversal in diminution in value of investments                                  |           | -                    | (29,733,288)         |
| Profit on sale of investments (net)                                             |           | (5,711,590)          | (11,972,920)         |
| Loss on sale of fixed assets (net)                                              |           | 3,748,012            | 344,497              |
| <b>Operating cash flow before working capital changes</b>                       |           | <b>239,423,666</b>   | <b>294,454,193</b>   |
| (Increase) / decrease in sundry debtors                                         |           | 122,228,243          | (138,954,269)        |
| (Increase) / decrease in loans and advances                                     |           | 14,278,684           | (52,802,048)         |
| Increase / (decrease) in current liabilities and provisions                     |           | 9,915,391            | 138,360,479          |
| Cash utilised from working capital changes                                      |           | 146,423,318          | (53,395,838)         |
| Income tax paid (net of income tax refund and tax deducted at source on income) |           | (135,000,115)        | (238,743,701)        |
| <b>Net cash generated from operating activities (A)</b>                         |           | <b>250,845,869</b>   | <b>2,314,654</b>     |
| <b>Cash flow from investing activities</b>                                      |           |                      |                      |
| Purchase of fixed assets                                                        |           | (43,327,248)         | (14,269,419)         |
| Advance for purchase of fixed assets                                            |           | (1,308,907)          | 397,838              |
| Proceeds from sale of fixed assets                                              |           | 2,289,327            | 1,828,791            |
| Dividend income                                                                 |           | 33,201,080           | 135,744,223          |
| Purchase of investments                                                         |           | (1,717,867,952)      | (1,211,874,743)      |
| Proceeds from sale of investments                                               |           | 1,590,542,214        | 1,240,098,759        |
| <b>Net cash generated from / (used in) investing activities (B)</b>             |           | <b>(135,671,486)</b> | <b>151,925,449</b>   |
| <b>Cash flow from financing activities</b>                                      |           |                      |                      |
| Dividend and distribution tax paid                                              |           | (143,958,691)        | (124,764,199)        |
| <b>Net cash used in financing activities (C)</b>                                |           | <b>(143,958,691)</b> | <b>(124,764,199)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)</b>   |           | <b>(28,784,308)</b>  | <b>29,475,904</b>    |
| Cash and cash equivalents at the beginning of the year                          |           | 32,556,011           | 3,080,107            |
| Cash and cash equivalents at the end of the year                                | 8         | 3,771,703            | 32,556,011           |

As per our report of even date

For B S R & Associates  
Chartered Accountants  
Firm Registration No. 16231W

For and on behalf of the Board of Directors of  
Tata Asset Management Limited

Akeel Master  
Partner  
Membership No: 046768

Farrokh K. Kavarana  
Chairman

Arunkumar R. Gandhi  
Director

Mumbai  
24 May 2011

Madhav L. Apte  
Director

Aspy Cooper  
Director

Abdul Hasib  
Director

Sahaj Sachdev  
President & CEO

Hormuz A. Bulsara  
Chief Financial Officer

Nariman Khan  
Company Secretary

# Tata Asset Management Limited

## Schedules to the financial statements (*Continued*)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 1 Background

Tata Asset Management Limited ('the Company') was incorporated on 15 March 1994. The principal shareholders of the Company are Tata Sons Limited (67.91%) and Tata Investment Corporation Limited (32.09%).

The Company's principal activity is to act as an investment manager to Tata Mutual Fund ('the Fund'). The Company is registered with Securities and Exchange Board of India ('SEBI') under SEBI (Mutual Fund) Regulations, 1996. The Company manages the investment portfolio of the Fund and provides various administrative services to the Fund and Trustee Company as laid down in the Investment Management Agreement dated 9 May 1995 and amended from time to time.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

The accompanied financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable. The financial statements are presented in Indian rupees.

#### 2.2 Use of estimates

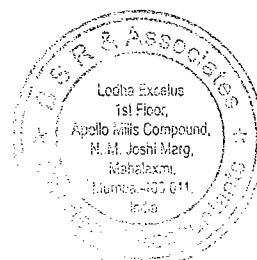
The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. 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 the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 2.3 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use. Depreciation on fixed assets other than premises and intangible assets is provided on written down value basis and on premises is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Intangible assets comprising of software purchased / developed and licensing costs are amortised on straight line basis over the useful life of the software up to a maximum of five years commencing from the year in which such software is first utilised.

Assets individually costing rupees five thousand or less are fully depreciated in the year of purchase/ acquisition.



# Tata Asset Management Limited

## Schedules to the financial statements (*Continued*)

for the year ended 31 March 2011

(Currency: Indian Rupees)

The Company provides pro-rata depreciation from the date the asset is ready to use and for any asset sold, till the date of sale.

## 2 Significant accounting policies (*Continued*)

### 2.4 Leasehold improvements.

Leasehold improvements are amortised over the primary period of lease on straight line basis.

### 2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### 2.6 Investments

Investments are classified as long term or current based on intention of the management at the time of purchase.

Long-term investments are carried at carrying cost less any diminution in value, which is other than temporary, determined separately for each individual investment.

Current investments are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is done separately in respect of each individual investment.

Purchase and sale of investments are recorded on trade date. Profit or loss on sale of investments is determined on the basis of average cost.

### 2.7 Revenue recognition

#### *Management and advisory fees*

Investment management fees are recognised on an accrual basis in accordance with the SEBI regulations and the respective terms of contract between the Company and Trustee Company.

Advisory fees are recognised on accrual basis in accordance with the respective terms of contract with counterparties.

#### *Other income*

Interest income is accounted on an accrual basis.

Dividend income is recognised when the right to receive dividend is established.



# Tata Asset Management Limited

## Schedules to the financial statements (*Continued*)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 2 Significant accounting policies (*Continued*)

#### 2.8 Transactions in foreign currency

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of foreign exchange transactions settled during the year are recognised in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the profit and loss account and related assets and liabilities are accordingly restated in the balance sheet.

#### 2.9 Employee benefits

##### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the profit and loss account.

##### *Provident fund*

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the profit and loss account.

##### *Short-term employee benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the year.

##### *Leave encashment*

Leave encashment which is a defined benefit, is accrued based on an actuarial valuation at the balance sheet date carried out by an independent actuary.



# Tata Asset Management Limited

## Schedules to the financial statements (*Continued*)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 2 Significant accounting policies (*Continued*)

#### 2.10 New fund offer expenses ('NFO')

Expenses relating to NFO are charged to profit and loss account of the Company in the year in which these expenses are incurred which is in compliance with SEBI circular No SEBI/IMD/CIR NO 4/168230/09.

#### 2.11 Fund expenses

Expenses incurred (inclusive of advertisement / brokerage expenses) on behalf of schemes of the Fund are charged to the profit and loss account unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

#### 2.12 Brokerage and incentives

All brokerage and incentive payments are accounted for as and when incurred.

#### 2.13 Taxation

##### *Current tax*

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current income tax is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with Income-tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

##### *Deferred tax*

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable / virtually certain (as the case may be) to be realised.



# Tata Asset Management Limited

## Schedules to the financial statements (*Continued*)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 2 Significant accounting policies (*Continued*)

#### 2.14 Operating leases

Licenses where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Operating lease charges are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

#### 2.15 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

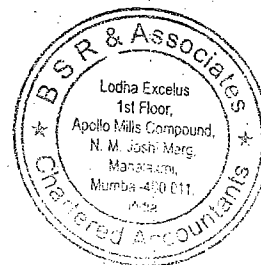
Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive are included.

#### 2.16 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for 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.

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.

Contingent assets are not recognised 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 recognised in the period in which the change occurs.



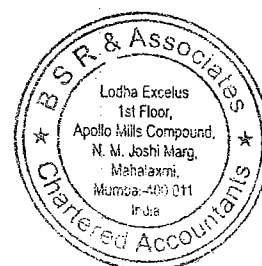
# Tata Asset Management Limited

## Schedules to financial statements (Continued)

as at 31 March 2011

(Currency: Indian Rupees)

|                                                                                          | 2011          | 2010          |
|------------------------------------------------------------------------------------------|---------------|---------------|
| <b>3 Share capital</b>                                                                   |               |               |
| <b>Authorised share capital</b>                                                          |               |               |
| 25,000,000 (Previous year: 25,000,000) equity shares of Rs.10 each                       | 250,000,000   | 250,000,000   |
| <b>Issued, subscribed and paid-up capital</b>                                            |               |               |
| 16,406,250 (Previous year: 16,406,250) equity shares of Rs.10 each, fully paid up        | 164,062,500   | 164,062,500   |
| Of the above equity shares :                                                             |               |               |
| (a) 11,140,793 (Previous year: 11,140,793) are held by Tata Sons Limited                 |               |               |
| (b) 5,265,457 (Previous year: 5,265,457) are held by Tata Investment Corporation Limited | 164,062,500   | 164,062,500   |
| <b>4 Reserves and surplus</b>                                                            |               |               |
| Share premium                                                                            | 65,625,000    | 65,625,000    |
|                                                                                          | 65,625,000    | 65,625,000    |
| General reserve                                                                          |               |               |
| Balance at the beginning of the year                                                     | 234,150,000   | 199,150,000   |
| Add : Transfer from profit and loss account                                              | 20,000,000    | 35,000,000    |
| Balance at the end of the year                                                           | 254,150,000   | 234,150,000   |
| Balance in Profit and loss account                                                       | 749,814,283   | 703,278,356   |
|                                                                                          | 1,069,589,283 | 1,003,053,356 |
| <b>5 Deferred tax liability (net)</b>                                                    |               |               |
| Deferred tax liability included in the balance sheet comprise of the following :         |               |               |
| <b>Deferred tax asset :</b>                                                              |               |               |
| Employee compensation                                                                    | (15,574,775)  | (12,556,315)  |
| Straight lining of lease rentals                                                         | (39,817)      | (142,166)     |
| Bonus                                                                                    | -             | (1,660,875)   |
| Directors commission                                                                     | (1,362,690)   | (4,650,450)   |
|                                                                                          | (16,977,282)  | (19,009,806)  |
| <b>Deferred tax liability :</b>                                                          |               |               |
| Written down value of fixed asset                                                        | 17,286,206    | 20,301,946    |
| <b>Deferred tax liability (net)</b>                                                      | 308,924       | 1,292,140     |



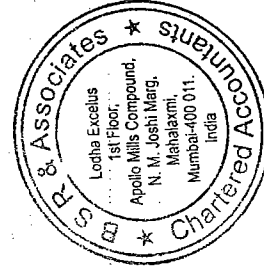
# Tata Asset Management Limited

## Schedules to financial statements (Continued) as at 31 March 2011

(Currency: Indian Rupees)

### 6 Fixed assets

| Particulars of assets                                 | Gross Block           |                        | Depreciation          |                                     | Net Block              |                        |
|-------------------------------------------------------|-----------------------|------------------------|-----------------------|-------------------------------------|------------------------|------------------------|
|                                                       | As at<br>1 April 2010 | As at<br>31 March 2011 | As at<br>1 April 2010 | For the year<br>ended 31 March 2011 | As at<br>31 March 2011 | As at<br>31 March 2010 |
| <b>Tangible assets</b>                                |                       |                        |                       |                                     |                        |                        |
| Premises                                              | 110,093,080           | 110,093,080            | 21,302,968            | 1,794,518                           | 88,790,112             | 88,790,112             |
| Furniture and fixtures                                | 31,695,307            | 29,240,517             | 17,670,941            | 3,329,840                           | 14,229,467             | 14,024,366             |
| Office equipment                                      | 25,114,808            | 24,997,413             | 12,280,592            | 2,600,096                           | 13,870,715             | 12,834,216             |
| Computers                                             | 39,212,843            | 44,733,974             | 28,259,079            | 5,878,445                           | 11,276,586             | 10,953,764             |
| Vehicles                                              | 21,535,530            | 18,880,301             | 7,804,938             | 3,377,111                           | 10,432,446             | 13,730,592             |
| <b>Lease hold improvements</b>                        |                       |                        |                       |                                     |                        |                        |
| Furniture and fixtures                                | 6,325,945             | 24,253,071             | 4,044,767             | 4,325,331                           | 15,882,973             | 2,281,178              |
| Office equipment                                      | 630,037               | 1,872,379              | 417,701               | 337,978                             | 1,116,700              | 212,336                |
| <b>Intangible assets</b>                              |                       |                        |                       |                                     |                        |                        |
| Computer software                                     | 20,792,453            | 25,457,140             | 12,429,573            | 3,533,855                           | 9,497,698              | 8,362,880              |
| <b>Total</b>                                          | <b>255,400,003</b>    | <b>279,527,875</b>     | <b>104,210,559</b>    | <b>25,177,174</b>                   | <b>163,302,179</b>     | <b>151,189,444</b>     |
| Previous year                                         | 248,695,316           | 255,400,003            | 87,427,720            | 22,174,283                          | 151,189,444            | -                      |
| Capital work-in-progress (including capital advances) |                       |                        |                       |                                     | 4,108,907              | 2,800,000              |



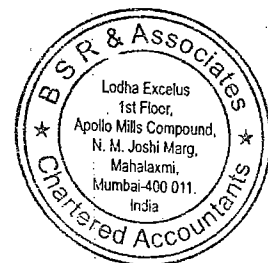
# Tata Asset Management Limited

## Schedules to financial statements (Continued)

as at 31 March 2011

(Currency: Indian Rupees)

| 7 Investments                                                                                                                    | 2011           |                      | 2010           |                    |
|----------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------|----------------|--------------------|
|                                                                                                                                  | Quantity       | Rs.                  | Quantity       | Rs.                |
| <b>A. Long term investments</b>                                                                                                  |                |                      |                |                    |
| Investment in subsidiary companies                                                                                               |                |                      |                |                    |
| Non trade, Unquoted (at cost)                                                                                                    |                |                      |                |                    |
| 510,100 (Previous year: 510,100) equity shares of Tata Asset Management (Mauritius) Private Limited of USD 1 each, fully paid up | 510,100        | 23,065,206           | 510,100        | 23,065,206         |
| 100,000 (Previous year: 100,000) equity shares of Tata Pension Management Limited of Rs. 10 each, fully paid up                  | 100,000        | 1,000,000            | 100,000        | 1,000,000          |
| <b>Total long term investments (A)</b>                                                                                           |                | <u>24,065,206</u>    |                | <u>24,065,206</u>  |
| <b>B. Current investments</b>                                                                                                    |                |                      |                |                    |
| Non trade, Quoted (valued at cost or net realisable value whichever is lower)                                                    |                |                      |                |                    |
| Mutual fund units of face value of Rs.10 each:                                                                                   |                |                      |                |                    |
| Tata Equity Opportunities Fund - Dividend                                                                                        | 8,297.007      | 154,856              | 73,553.913     | 1,346,017          |
| Tata Pure Equity Fund - Growth                                                                                                   | 2,684.932      | 61,752               | 48,941.304     | 1,089,488          |
| Tata Fixed Maturity Plan - Series 31 Scheme C - Growth                                                                           | 12,000,000.000 | 120,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 27 Scheme B - Growth                                                                           | 10,000,000.000 | 100,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 26 Scheme C - Growth                                                                           | 10,000,000.000 | 100,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 28 Scheme B - Dividend                                                                         | 10,000,000.000 | 100,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 28 Scheme C - Dividend                                                                         | 10,000,000.000 | 100,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 29 Scheme A - Growth                                                                           | 15,000,000.000 | 150,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 29 Scheme C - Growth                                                                           | 15,000,000.000 | 150,000,000          | -              | -                  |
| Tata Fixed Maturity Plan - Series 25 Scheme A - Growth                                                                           | 1,000,000.000  | 10,000,000           | 1,000,000.00   | 10,000,000.00      |
| Tata Floater Fund - Daily Dividend Plan                                                                                          | 22,982,914.176 | 230,647,333          | 89,299,676.764 | 896,175,837        |
| Tata Index Fund - Nifty A                                                                                                        | -              | -                    | 273,166.590    | 6,700,000          |
| Tata Index Fund - Sensex A                                                                                                       | -              | -                    | 65,860.080     | 1,950,000          |
| Mutual fund units of face value of Rs.1000 each:                                                                                 |                |                      |                |                    |
| Tata Liquid Fund (Super High Investment Plan) - Daily Dividend                                                                   | -              | -                    | 10,197.460     | 11,365,271         |
| <b>Total current investments (B)</b>                                                                                             |                | <u>1,060,863,941</u> |                | <u>928,626,613</u> |
| <b>Total investments (A+B)</b>                                                                                                   |                | <u>1,084,929,147</u> |                | <u>952,691,819</u> |



# Tata Asset Management Limited

## Schedules to financial statements (Continued) as at 31 March 2011

(Currency : Indian Rupees)

### 7 Investments (Continued)

C. The following investments were purchased and redeemed during the year:

|                                                                      | 2011                 |               |                      | 2010                 |               |                      |
|----------------------------------------------------------------------|----------------------|---------------|----------------------|----------------------|---------------|----------------------|
|                                                                      | Purchase<br>Quantity | Amount        | Redeemed<br>Quantity | Purchase<br>Quantity | Amount        | Redeemed<br>Quantity |
| Long term investments                                                |                      |               |                      |                      |               |                      |
| Nil (previous year 50,000) shares of Tata Pension Management Limited | -                    | -             | -                    | 50,000,000           | 500,000       | -                    |
| <b>Total long term investments (A)</b>                               | -                    | -             | -                    | 50,000,000           | 500,000       | -                    |
| <b>Current investments</b>                                           |                      |               |                      |                      |               |                      |
| Tata Dynamic Bond Fund (Option B) - Dividend                         | -                    | -             | -                    | -                    | -             | 9,975,935.810        |
| Tata Equity Opportunities Fund - Dividend                            | 2,211,230            | 48,617        | 67,468.140           | 73,553.910           | 1,322,672     | 1,557,294.680        |
| Tata Pure Equity Fund - Dividend                                     | 2,684,930            | 97,883        | 48,941.300           | 48,941.310           | 1,027,635     | 513,817.610          |
| Tata Fixed Horizon Fund - Series 20 Scheme A                         | -                    | -             | -                    | -                    | -             | 2,500,000,000        |
| Tata Fixed Horizon Fund - Series 13 Plan E                           | -                    | -             | -                    | -                    | -             | 10,000,000,000       |
| Tata Floater Fund - Daily Dividend                                   | 81,158,226.404       | 814,471.496   | 147,474,989.000      | 96,771,749.960       | 971,162,578   | 52,064,649.850       |
| Tata Index Fund - Nifty A                                            | -                    | -             | 273,166.590          | -                    | -             | -                    |
| Tata Index Fund - Sensex A                                           | -                    | -             | 65,860.080           | -                    | -             | -                    |
| Tata Income Fund - Quarterly Dividend                                | -                    | -             | -                    | -                    | -             | 15,444,870.510       |
| Tata Income Fund - Growth                                            | -                    | -             | -                    | -                    | -             | 5,613,724.310        |
| Tata Liquid Fund (SHIP) - Daily Dividend                             | 410,900              | 457,956       | 10,608.359           | 35,604.630           | 39,682,069    | 69,985,280           |
| Tata Treasury Manager (SHIP) - Daily Dividend                        | -                    | -             | -                    | 26,146.640           | 26,416,393    | 26,416,393           |
| Tata Fixed Maturity Plan - Series 25 Scheme A Growth                 | -                    | -             | -                    | 1,000,000.000        | 10,000,000    | -                    |
| Tata Fixed Income Portfolio Fund Scheme C3                           | 8,199,200.000        | 81,992,000    | 8,199,200.000        | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 26 Scheme C Growth                 | 10,000,000.000       | 100,000,000   | -                    | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 27 Scheme B Growth                 | 10,000,000.000       | 100,000,000   | -                    | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 29 Scheme A Growth                 | 15,000,000.000       | 150,000,000   | -                    | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 29 Scheme C Growth                 | 15,000,000.000       | 150,000,000   | -                    | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 28 Scheme B Dividend               | 10,000,000.000       | 100,000,000   | -                    | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 28 Scheme C Dividend               | 10,000,000.000       | 100,000,000   | -                    | -                    | -             | -                    |
| Tata Fixed Maturity Plan - Series 31 Scheme C Growth                 | 12,000,000.000       | 120,000,000   | -                    | -                    | -             | -                    |
| <b>Total current investments (B)</b>                                 | 171,362,733.464      | 1,717,067,952 | 156,140,233.469      | 103,569,720.760      | 1,211,374,743 | 97,766,922,890       |
| <b>Total investments (A+B)</b>                                       | 171,362,733.464      | 1,717,067,952 | 156,140,233.469      | 103,619,720.760      | 1,211,874,743 | 97,766,922,890       |

Total investments (A+B)



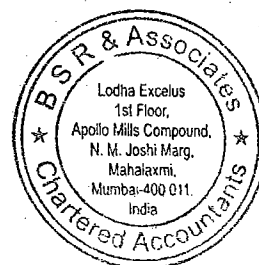
# Tata Asset Management Limited

## Schedules to financial statements (Continued)

as at 31 March 2011

(Currency: Indian Rupees)

|                                                                                              | 2011               | 2010               |
|----------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>8 Cash and bank balances</b>                                                              |                    |                    |
| Cash in hand                                                                                 | 4,308              | 12,522             |
| Balance with scheduled banks                                                                 |                    |                    |
| - in current accounts                                                                        | 3,767,395          | 32,543,489         |
|                                                                                              | <u>3,771,703</u>   | <u>32,556,011</u>  |
| <b>9 Sundry debtors</b>                                                                      |                    |                    |
| (Unsecured and considered good)                                                              |                    |                    |
| Debts outstanding for a period exceeding six months                                          | 296,871            | 330,612            |
| Debts outstanding for a period not exceeding six months:                                     |                    |                    |
| Management fees and portfolio management fees receivable                                     | 39,938,481         | 45,766,268         |
| Others                                                                                       | 18,346,596         | 134,713,311        |
|                                                                                              | <u>58,581,948</u>  | <u>180,810,191</u> |
| <b>10 Loans and advances</b>                                                                 |                    |                    |
| (Unsecured and considered good)                                                              |                    |                    |
| Advances recoverable in cash or in kind or for value to be received                          | 21,678,821         | 5,012,917          |
| Staff loans                                                                                  | 13,206,455         | 15,149,982         |
| Prepaid expenses                                                                             | 35,693,239         | 29,887,813         |
| Sundry deposits                                                                              | 88,380,580         | 123,187,067        |
| Advance tax (net of provision for taxes of Rs. 609,056,726 (Previous year: Rs. 633,718,923)) | 200,659,593        | 138,786,257        |
|                                                                                              | <u>359,618,688</u> | <u>312,024,036</u> |
| <b>11 Current liabilities</b>                                                                |                    |                    |
| Sundry creditors                                                                             | 32,564,715         | 24,796,376         |
| Statutory dues                                                                               | 9,245,968          | 20,447,326         |
| Accrued expenses                                                                             | 245,664,913        | 236,660,811        |
|                                                                                              | <u>287,475,596</u> | <u>281,904,513</u> |
| <b>12 Provisions</b>                                                                         |                    |                    |
| Provision for leave encashment                                                               | 47,530,159         | 40,413,353         |
| Provision for gratuity                                                                       | 473,464            | (2,613,052)        |
| Provision for proposed dividend                                                              | 90,234,375         | 123,046,875        |
| Provision for tax on proposed dividend                                                       | 14,638,271         | 20,911,816         |
|                                                                                              | <u>152,876,269</u> | <u>181,758,992</u> |

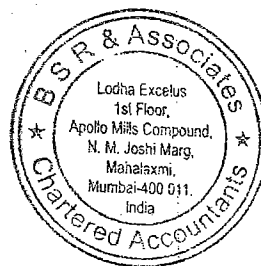


# Tata Asset Management Limited

## Schedules to financial statements (Continued) for the year ended 31 March 2011

(Currency: Indian Rupees)

|                                                                                                            | 2011                 | 2010                 |
|------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>13 Management fees</b>                                                                                  |                      |                      |
| Fees from Mutual Fund operations (Tax deducted at source Rs. 102,130,933 (Previous year: Rs. 120,273,678)) | 1,092,273,448        | 1,037,787,983        |
| Fees from Portfolio Management Services (Tax deducted at source Rs. 25,673 (Previous year: Rs. 267,391))   | 4,116,936            | 2,312,463            |
|                                                                                                            | <u>1,096,390,384</u> | <u>1,040,100,446</u> |
| <b>14 Other income</b>                                                                                     |                      |                      |
| Advisory fees (Tax deducted at source Rs. Nil (Previous year: Rs. Nil))                                    | 32,197,638           | 26,729,545           |
| Rent income (Tax deducted at source Rs. 340,800 (Previous year Rs. 365,915))                               | 3,408,000            | 2,235,516            |
| Interest on income tax refund                                                                              | 1,807,820            | -                    |
| Others                                                                                                     | 567,217              | 450,722              |
|                                                                                                            | <u>37,980,675</u>    | <u>29,415,783</u>    |
| <b>15 Employee cost</b>                                                                                    |                      |                      |
| Salaries, bonus and allowances                                                                             | 327,214,156          | 315,490,129          |
| Contribution to provident and other funds                                                                  | 30,008,698           | 13,291,573           |
| Staff welfare                                                                                              | 17,867,835           | 16,993,123           |
|                                                                                                            | <u>375,090,689</u>   | <u>345,774,825</u>   |



# Tata Asset Management Limited

## Schedules to financial statements (Continued)

for the year ended 31 March 2011

(Currency: Indian Rupees)

|                                                 | 2011               | 2010               |
|-------------------------------------------------|--------------------|--------------------|
| <b>16 Operating and administrative expenses</b> |                    |                    |
| Rent                                            | 105,135,920        | 105,568,088        |
| Electricity                                     | 9,124,138          | 8,902,112          |
| Repairs and maintenance :                       |                    |                    |
| - Equipment                                     | 5,369,199          | 4,229,827          |
| - Premises                                      | 13,959,736         | 7,365,225          |
| Insurance                                       | 9,348,400          | 9,473,482          |
| Legal and professional fees                     | 24,463,553         | 20,893,911         |
| Infotech expenses                               | 22,583,783         | 18,439,591         |
| Travelling and conveyance                       | 20,332,425         | 19,995,118         |
| Brokerage and incentives                        | 3,487,941          | 983,867            |
| Communication expenses                          | 20,027,853         | 20,651,077         |
| Books, periodicals and subscriptions            | 8,955,353          | 7,072,880          |
| Loss on sale of fixed assets (net)              | 3,748,012          | 344,497            |
| Training                                        | 2,027,136          | 3,022,082          |
| Printing and stationery                         | 6,367,938          | 5,443,749          |
| Marketing and sales promotion                   | 7,265,535          | 5,566,361          |
| Auditors remuneration :                         |                    |                    |
| - Audit fees                                    | 1,325,000          | 1,250,000          |
| - Tax audit fees                                | 275,000            | 250,000            |
| - Reimbursement of out of pocket expenses       | 39,796             | 15,240             |
| Directors expenses                              | 4,252,029          | 11,955,367         |
| Scheme expenses                                 | 237,416,003        | 163,947,243        |
| Auxiliary services                              | 13,121,598         | 11,428,499         |
| Miscellaneous expenses                          | 3,170,548          | 2,833,492          |
|                                                 | <b>521,796,896</b> | <b>429,631,708</b> |

## 17 Segmental Reporting

As the Company's business activity falls within primary business segment, the financial statements are reflective of the information required under AS 17 - 'Segment Reporting' prescribed by Companies (Accounting Standard) Rules, 2006. The Company has no geographical segment and on that basis, no disclosure for secondary segment information is furnished.



# Tata Asset Management Limited

## Schedules to financial statements (Continued)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 18 Related Party

**a) Related parties where control exists:**

Tata Sons Limited – Holding Company

**b) Wholly owned subsidiary with whom transactions have taken place:**

Tata Asset Management (Mauritius) Private Limited – Wholly owned Subsidiary

Tata Pension Management Limited – Wholly owned Subsidiary

**c) Fellow Subsidiaries with whom transactions have taken:**

Tata Trustee Company Limited

Tata AIG General Insurance Company Limited

Tata AIG Life Insurance Company Limited

Tata Communications Limited

Tata Industries Limited

Tata Motors Limited

Tata Consultancy Services Limited

Tata Investment Corporation Limited

Tata Securities Limited

Tata Steel Limited

Tata Teleservices (Maharashtra) Limited

Tata Teleservices Limited

Voltas Limited

Tata Capital Limited

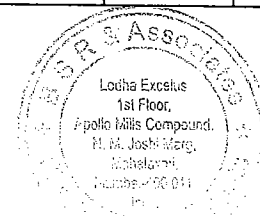
TC Travel And Services Limited

Tata Sky Limited

**d) Key management:**

Mr. Ved Prakash Chaturvedi – Managing Director upto 22 October 2010

| Description                                       | Nature of expense / income    | Transaction Amount | Balance Outstanding | Transaction Amount | Balance Outstanding |
|---------------------------------------------------|-------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                                   |                               | 2010-2011          |                     | 2009-2010          |                     |
| Mr. Ved Prakash Chaturvedi                        | Managerial Remuneration       | 7,378,504          | -                   | 27,245,056         | 10,000,000          |
| Tata Sons Limited                                 | Dividend paid                 | 83,555,948         | -                   | 72,415,155         | -                   |
| Tata Sons Limited                                 | Subscription paid             | 3,023,297          | 64,297,658          | 3,147,212          | 86,824,170          |
| Tata Sons Limited                                 | Services availed              | 781,615            | -                   | 616,298            | -                   |
| Tata AIG General Insurance Company Limited        | Insurance paid                | 4,631,499          | -                   | 4,555,286          | -                   |
| Tata AIG Life Insurance Company Limited           | Insurance paid                | 1,368,385          | -                   | 1,150,000          | -                   |
| Tata Communications Limited                       | Services availed              | 1,565,681          | 81,139              | 1,693,599          | 10,260              |
| Tata Consultancy Services Limited                 | Miscellaneous service availed | 6,173              | -                   | 3,928              | -                   |
| Tata Industries Limited                           | Miscellaneous service availed | 558,268            | -                   | 558,302            | -                   |
| Tata Investment Corporation Limited               | Dividend paid                 | 39,490,927         | 28,960,014          | 34,225,470         | 39,490,927          |
| Tata Motors Limited                               | Miscellaneous service availed | -                  | -                   | 201,607            | -                   |
| Tata Securities Limited                           | Professional services availed | 107,745            | 22,370              | 119,760            | 31,994              |
| Tata Steel Limited                                | Rent paid                     | 849,456            | -                   | 1,199,115          | -                   |
| Tata Steel Limited                                | Miscellaneous service availed | 22,166             | -                   | -                  | -                   |
| Tata Teleservices (Maharashtra) Limited           | Professional services availed | 6,171,757          | 237,062             | 5,850,137          | 241,379             |
| Tata Teleservices Limited                         | Professional services availed | 1,760,034          | 135,048             | 1,745,226          | 116,932             |
| Tata Trustee Company Limited                      | Professional services availed | -                  | -                   | 35,847,500         | 32,262,750          |
| Voltas Limited                                    | Services availed              | 232,174            | -                   | 23,511             | -                   |
| Voltas Limited                                    | Purchase of Goods             | 812,548            | -                   | 184,841            | -                   |
| Tata Capital Limited                              | Miscellaneous service availed | 2,434,354          | -                   | 90,000             | -                   |
| TC Travel And Services Limited                    | Miscellaneous service availed | 1,982,335          | 280,000             | 1,673,956          | -                   |
| The Associated Building Company Limited           | Miscellaneous service availed | -                  | -                   | 10,479             | -                   |
| Tata Sky Limited                                  | Rent received                 | 1,620,000          | -                   | 1,934,516          | -                   |
| Tata Sky Limited                                  | Miscellaneous service income  | -                  | -                   | 881,978            | -                   |
| Tata Trustee Company Limited                      | Miscellaneous service income  | 2,040,550          | -                   | 551,654            | 551,500             |
| Tata Pension Management Limited                   | Miscellaneous service income  | -                  | -                   | 510                | -                   |
| Tata Asset Management (Mauritius) Private Limited | Dividend income               | -                  | -                   | 101,227,500        | -                   |
| Tata Asset Management (Mauritius) Private Limited | Management fee income         | 166,335,682        | 15,923,669          | -                  | 14,572,720          |
| Tata Asset Management (Mauritius) Private Limited | Advisory fee income           | 15,923,669         | -                   | 14,572,720         | -                   |



# Tata Asset Management Limited

## Schedules to financial statements (Continued)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 19 Operating leases

#### (I) Assets taken on Lease :

Generally, the Company takes premises on leases. As per the terms of the leases, all maintenance charges and municipal levies are borne by the Company. All lease agreements have a clause for renewing the lease for a further mutually agreed contractual period.

The total future liability of all non cancellable operating leases is as given below :

|                                     | In less than a year |           | In 1 year to 5 years |      | In more than 5 years |         |
|-------------------------------------|---------------------|-----------|----------------------|------|----------------------|---------|
|                                     | 2011                | 2010      | 2011                 | 2010 | 2011                 | 2010    |
| Total future minimum lease payments | 3,686,087           | 4,643,236 | 6,748,285            | -    | -                    | 726,846 |

The total lease payments recognised in the profit and loss account amount to Rs. 105,135,920 (Previous year: Rs. 105,568,088) which includes reversal of Rs. 305,262 in the current year (Previous year: Rs. 157,016) towards provision for straight lining of lease rentals.

#### (II) Assets given on Lease :

The Company has given premises on lease. As per the terms of the lease, all maintenance charges and municipal levies are borne by the Company.

|                             | In less than a year |           | In 1 year to 5 years |      | In more than 5 years |      |
|-----------------------------|---------------------|-----------|----------------------|------|----------------------|------|
|                             | 2011                | 2010      | 2011                 | 2010 | 2011                 | 2010 |
| Total future lease receipts | 2,518,000           | 2,568,000 | 1,596,000            | -    | -                    | -    |

The total rent receipts recognised in the profit and loss account towards the above referred leases amount to Rs. 3,408,000 (Previous year: Rs. 2,235,516).

### 20 Earnings per share ('EPS')

Basic and diluted EPS is computed in accordance with Accounting Standard 20 issued by the Companies (Accounting Standards) Rules, 2006. The computation of EPS is given below :

|                                                                                 | 2011        | 2010        |
|---------------------------------------------------------------------------------|-------------|-------------|
| Profit after taxation                                                           | 171,408,573 | 324,437,123 |
| Weighted average number of equity shares outstanding during the year (in units) | 16,406,250  | 16,406,250  |
| Basic and diluted EPS of face value Rs.10 each (in Rs.)                         | 10.45       | 19.78       |

### 21 Provisions for loyalty incentives

|                                             |           |           |
|---------------------------------------------|-----------|-----------|
| Opening balance as on 1 April 2010          | 3,872,872 | 3,236,766 |
| Additional provision during the year        | 1,269,226 | 978,656   |
|                                             | 5,142,098 | 4,215,422 |
| Amount incurred and charged during the year | 960,000   | 342,550   |
| Closing balance as on 31 March 2011         | 4,182,098 | 3,872,872 |

#### Nature of obligation

Loyalty incentives to unit holders for long term investment under Tata Gilt Securities Fund – Retirement Plan Series maturing on 28 February 2025 will be paid by the Company at the rate specified by it from time to time in the form of allotment of units equivalent to the amount of loyalty incentive. Units will be allotted at net asset value ('NAV') based price prevailing on first business day after the end of the minimum investment period specified by the Company from time to time. The maximum amount of loyalty under this option will not exceed 2% of the amount which remains invested for minimum holding period (i.e. atleast 5 years).

#### Expected time

At present, the Company proposes to pay loyalty incentives at the end of 5 years, 10 years, 15 years and 20 years from the date of allotment.

#### Assumptions

It is assumed that all the unit holders currently under Tata Gilt Securities Fund – Retirement Plan Series will remain invested till the maturity period i.e. 28 February 2025.

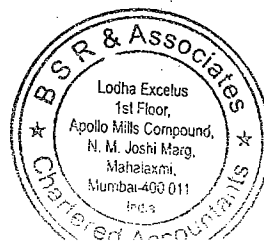


# Tata Asset Management Limited

## Schedules to financial statements (Continued) for the year ended 31 March 2011

(Currency: Indian Rupees)

|                                                                                                                                                                                                  | 2011                                                                           | 2010                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>22 Retirement benefit - gratuity</b>                                                                                                                                                          |                                                                                |                                                                                   |
| The following tables summarise the components of the expenses recognised in the profit and loss account, and the fund status and amount recognised in the balance sheet for the gratuity benefit |                                                                                |                                                                                   |
| <b>Principal actuarial assumptions at the balance sheet date :</b>                                                                                                                               |                                                                                |                                                                                   |
| Discount rate                                                                                                                                                                                    | 8.35%                                                                          | 8.30%                                                                             |
| Salary escalation                                                                                                                                                                                | 8% from first year, 9% for next 5 years, 7% for next 5 years and 6% thereafter | 8% from first 2 years, 9% for next 5 years, 7% for next 5 years and 6% thereafter |
| Employee attrition rate                                                                                                                                                                          | 5% upto age 44 and 1% thereafter                                               | 5% upto age 44 and 1% thereafter                                                  |
| <b>Changes in the defined benefit obligation :</b>                                                                                                                                               |                                                                                |                                                                                   |
| Opening defined benefit obligation                                                                                                                                                               | 8,658,519                                                                      | 7,440,465                                                                         |
| Current service cost                                                                                                                                                                             | 1,921,418                                                                      | 2,028,084                                                                         |
| Interest cost                                                                                                                                                                                    | 857,501                                                                        | 650,440                                                                           |
| Actuarial losses / (gain)                                                                                                                                                                        | 1,579,856                                                                      | (647,008)                                                                         |
| Past service cost                                                                                                                                                                                | 3,448,111                                                                      | -                                                                                 |
| Benefits paid                                                                                                                                                                                    | (2,457,230)                                                                    | (813,462)                                                                         |
| Closing defined benefit obligation                                                                                                                                                               | 14,008,175                                                                     | 8,658,519                                                                         |
| <b>Change in fair value of assets :</b>                                                                                                                                                          |                                                                                |                                                                                   |
| Opening fair value of plan assets                                                                                                                                                                | 11,326,766                                                                     | 8,356,144                                                                         |
| Expected return of plan assets                                                                                                                                                                   | 830,862                                                                        | 654,720                                                                           |
| Actuarial gain / (losses)                                                                                                                                                                        | 201,054                                                                        | 143,047                                                                           |
| Contribution by employer                                                                                                                                                                         | 3,633,259                                                                      | 2,986,317                                                                         |
| Benefits paid                                                                                                                                                                                    | (2,457,230)                                                                    | (813,462)                                                                         |
| Fair value of plan assets as at end of the year                                                                                                                                                  | 13,534,711                                                                     | 11,326,766                                                                        |
| <b>Reconciliation of the present value of defined benefit obligation and the fair value of assets</b>                                                                                            |                                                                                |                                                                                   |
| Present value of funded obligation as at 31 March 2011                                                                                                                                           | 14,008,175                                                                     | 8,658,519                                                                         |
| Fair value of plan assets as at 31 March 2011                                                                                                                                                    | (13,534,711)                                                                   | (11,326,766)                                                                      |
| Amount not recognised as an asset                                                                                                                                                                | -                                                                              | 55,195                                                                            |
| Net liability as at 31 March 2011                                                                                                                                                                | 473,464                                                                        | (2,613,052)                                                                       |
| <b>Balance sheet</b>                                                                                                                                                                             |                                                                                |                                                                                   |
| Liability                                                                                                                                                                                        | 473,464                                                                        | -                                                                                 |
| Assets                                                                                                                                                                                           | -                                                                              | 2,613,052                                                                         |
| Net liability as at 31 March 2011                                                                                                                                                                | 473,464                                                                        | (2,613,052)                                                                       |
| <b>Profit and loss account</b>                                                                                                                                                                   |                                                                                |                                                                                   |
| Net employee benefit expenses (recognised in employee cost)                                                                                                                                      |                                                                                |                                                                                   |
| Current service cost                                                                                                                                                                             | 1,921,418                                                                      | 2,028,084                                                                         |
| Interest on defined benefit obligation                                                                                                                                                           | 857,501                                                                        | 650,440                                                                           |
| Expected return on plan assets                                                                                                                                                                   | (830,862)                                                                      | (654,720)                                                                         |
| Net actuarial losses / (gains) recognised in the year                                                                                                                                            | 1,378,802                                                                      | (790,055)                                                                         |
| Past service cost                                                                                                                                                                                | 3,448,111                                                                      | -                                                                                 |
| Effect of the limit in Para 59 (b)                                                                                                                                                               | (55,195)                                                                       | 55,195                                                                            |
| Total included in 'Employee Benefit Expense'                                                                                                                                                     | 6,719,775                                                                      | 1,288,944                                                                         |



# Tata Asset Management Limited

## Schedules to financial statements (Continued)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 23 Contingent liabilities

There are no contingent liabilities as at 31 March 2011 (Previous year: Rs. Nil).

### 24 Capital commitments

An amount of Rs. Nil is balance towards capital commitments as at 31 March 2011 (Previous year Rs. 26,200,000).

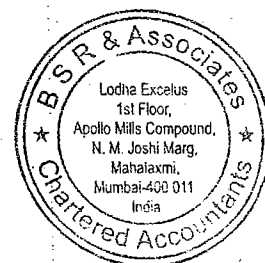
|                                                               | 2011             | 2010             |
|---------------------------------------------------------------|------------------|------------------|
| <b>25 Expenditure in foreign currency ( on accrual basis)</b> |                  |                  |
| Travelling                                                    | 2,597,992        | 2,520,563        |
|                                                               | <u>2,597,992</u> | <u>2,520,563</u> |

|                                                            | 2011               | 2010              |
|------------------------------------------------------------|--------------------|-------------------|
| <b>26 Earnings in foreign currency ( on accrual basis)</b> |                    |                   |
| Management fees                                            | 166,335,682        | -                 |
| Advisory fees                                              | 32,197,638         | 26,729,545        |
|                                                            | <u>198,533,320</u> | <u>26,729,545</u> |

### 27 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, (MSMED) which came into force from 2 October 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.

|                                                                                                                                                                                                                  | 2011 | 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 MSMED Act, 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 period 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 MSMED Act   | Nil  | Nil  |
| Amount of interest accrued and remaining unpaid at the end of the accounting year                                                                                                                                | Nil  | Nil  |
| Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, under Section 23 of the MSMED Act | Nil  | Nil  |



# Tata Asset Management Limited

## Schedules to financial statements (Continued)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 28 Computation of commission to Directors

|                                                                            | 2011               | 2010               |
|----------------------------------------------------------------------------|--------------------|--------------------|
| Profit before tax as per profit and loss account                           | 251,218,970        | 449,385,844        |
| Add : Directors' remuneration and commission                               | 11,578,504         | 26,800,776         |
| Sitting fees to non-whole time directors                                   | 540,000            | 400,000            |
| Depreciation charged in the accounts                                       | 25,177,174         | 22,174,283         |
| Loss on sale of fixed assets as per section 349 of the Companies Act, 1956 | 3,748,012          | 344,496            |
|                                                                            | <u>41,043,690</u>  | <u>49,719,555</u>  |
|                                                                            | <u>292,262,660</u> | <u>499,105,399</u> |
| Less : Depreciation as per section 350 of the Companies Act, 1956          | 25,177,174         | 22,174,283         |
| Net Profit as per section 349 of the Companies Act, 1956                   | <u>267,085,486</u> | <u>476,931,116</u> |
| <b>Maximum commission payable to :</b>                                     |                    |                    |
| Whole time directors                                                       | - *                | 22,711,006         |
| Non wholetime directors **                                                 | 4,895,272          | 4,722,090          |
|                                                                            | <u>4,895,272</u>   | <u>27,433,096</u>  |
| Commission payable to whole-time director                                  | -                  | 9,500,000          |
| Commission payable to non wholetime directors                              | 4,200,000          | 4,500,000          |
| <b>Total commission provided in the accounts</b>                           | <u>4,200,000</u>   | <u>14,000,000</u>  |

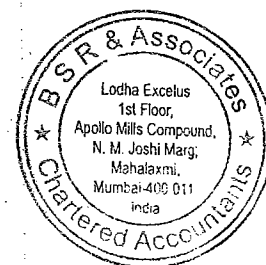
\* - In the current year not applicable to the Company, as per notification issued by Ministry of Company Affairs on 8 February 2011.

\*\* - During the year 2010 - 2011, the Company had a Managing Director for part of the year i.e., upto 22 October 2010. Till this period, the maximum commission payable to non wholetime directors was considered at 1% p.a. on pro-rata basis and for the balance period it was considered at 3% p.a. on a pro-rata basis.

### 29 Managerial remuneration

|                                                         | 2011             | 2010              |
|---------------------------------------------------------|------------------|-------------------|
| <b>Remuneration to directors :</b>                      |                  |                   |
| Salary and allowances                                   | 6,742,878        | 10,746,204        |
| Company's contribution to provident fund                | 402,581          | 1,133,352         |
| Perquisites (fair value as estimated by the management) | 233,045          | 921,220           |
| Commission to whole-time directors                      | -                | 9,500,000         |
|                                                         | <u>7,378,504</u> | <u>22,300,776</u> |

Provision for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded above.



# Tata Asset Management Limited

## Schedules to financial statements (Continued)

for the year ended 31 March 2011

(Currency: Indian Rupees)

### 30 Compliance with Section 269 of the Act

Manager throughout the year (Section 269 of the Act): As per provisions of Section 269 of the Act, the Company should have 'manager / managing director or a whole time director' as defined by the Act. This position is vacant since 22 October 2010 – resignation of Mr. Ved Prakash Chaturvedi. The Company is in process of making such appointment.

### 31 Transfer pricing

The Company has developed a system of maintaining of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income-tax Act, 1961. Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 32 Disclosure under Part II of Schedule VI to the Companies Act, 1956

Disclosure under Part II of Schedule VI to the Companies Act, 1956, has been made to the extent applicable to the Company.

As per our report of even date

For B S R & Associates  
Chartered Accountants  
Firm's Registration No. 16231W

For and on behalf of the Board of Directors of  
Tata Asset Management Limited

Akeel Master  
Partner  
Membership No. 046768

Farrokh K. Kavarama  
Chairman

Arun Kumar R. Gandhi  
Director

Mumbai  
24 May 2011

Madhav L. Apte  
Director

Aspy Cooper  
Director

Abdul Hasib  
Director

Sanjay Sachdev  
President & CEO

Hemant A. Bulsara  
Chief Financial Officer

Nariman Khan  
Company Secretary

# Tata Asset Management Limited

(Currency : Indian Rupees)

## Balance sheet abstract and company's general business profile

### I Registration Details

Registration No. **U65990MH1954PLC077090**

State code **11**

Balance sheet date

**31-03-11**

### II Capital raised during the year

Public issue **-**

Rights issue **-**

Bonus issue **-**

Private placement **-**

### III Position of mobilisation and deployment of funds

Total liabilities **440,351,865**

Total assets **1,674,312,572**

#### Sources of funds

Paid-up capital **164,062,500**

Reserves and surplus **1,069,589,283**

Secured loans **-**

Unsecured loans **-**

#### Application of funds

Net fixed assets **167,411,086**

Investments **1,084,929,147**

Net current assets **(18,379,526)**

Miscellaneous expenditure **-**

Deferred tax liability **(308,924)**

Accumulated losses **-**

### IV Performance of company

Total turnover **1,096,390,384**

Total expenditure **922,064,759**

Profit before tax **251,218,970**

Profit after tax **171,468,573**

Earning per share in Rs.  
(actuals) **10.45**

Dividend rate (%) **55%**

### V Generic names of three principal products / services of company

Item code no (ITC code) **Not Applicable**

Service description **Asset Management Company**

For and on behalf of The Board of Directors of  
Tata Asset Management Limited

**Farrokh K. Kavarana**  
Chairman

**Arunkumar R. Gandhi**  
Director

**Madhav L. Apte**  
Director

**Aspy Cooper**  
Director

**Abdul Hasib**  
Director

**Srijay Sachdev**  
President & CEO

**Hormuz A. Bhabara**  
Chief Financial Officer

**Nariman Khan**  
Company Secretary

Mumbai  
24 May 2011