

Tata Asset Management Limited

Financial statements
together with the Auditors' Report
for the year ended 31 March 2014

Tata Asset Management Limited

Financial Statements together with Auditors' Report *for the year ended 31 March 2014*

Contents

Independent Auditors' Report

Balance sheet

Statement of profit and loss

Cash flow statement

Notes to the financial statements

B S R & Associates LLP

Chartered Accountants

1st Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalakshmi
Mumbai - 400 011
India

Telephone +91 22 3989 6000
Fax +91 22 3090 2511

Independent Auditors' report

To the Members of Tata Asset Management Limited

Report on the financial statements

We have audited the accompanying financial statements of Tata Asset Management Limited ('the Company'), which comprise the balance sheet as at 31 March 2014, and the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditors' report (*Continued*)

Tata Asset Management Limited

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- i. in the case of balance sheet, of the state of affairs of the Company as at 31 March 2014;
- ii. in the case of the statement of profit and loss, of the profit for year ended on that date; and
- iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Mumbai
12 May 2014

N Sampath Ganesh
Partner
Membership No: 042554

Tata Asset Management Limited

Annexure to Auditors' Report – 31 March -2014

(Referred to in our report of even date)

- i. (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.
- ii. The Company is a service company, primarily rendering asset management services to Tata Mutual Fund and portfolio management services to its customers. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the Order is not applicable.
- iii. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from, any companies, firms or other parties covered in the register maintained under section 301 of the Act, .
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and with regards to the sale of services. The activities of the Company do not involve the purchase of inventory and sale of goods. We have not observed any major continuing weaknesses in the internal control system during the course of the audit.
- v. 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 Act.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Service Tax, Provident Fund, Wealth Tax and other material statutory dues during the year 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.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Provident Fund, Wealth Tax, Service Tax and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

Tata Asset Management Limited

Annexure to Auditors' Report – 31 March 2014 (*Continued*)

- (c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- x. 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 and in the immediately preceding financial year.
- xi. The Company did not have any dues to any financial institutions or banks or debenture holders during the year.
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion 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.
- xiv. 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.
- xv. 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.
- xvi. The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- xvii. 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 investment.
- xviii. The Company has not made any preferential allotment of shares to companies /firms parties covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us, no material frauds on or by the Company has been noticed or reported during the course of our audit.

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

Mumbai
12 May 2014

N Sampath Ganesh
Partner
Membership No: 042554

Tata Asset Management Limited

Balance sheet

as at 31 March 2014

(Currency: Indian Rupees)

	Notes	2014	2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	164,062,500	164,062,500
Reserves and surplus	4	1,403,864,173	1,317,760,475
Non current liabilities			
Other long term liabilities	6	191,552,876	134,815,155
Long term provisions	7	32,172,691	36,541,708
Current liabilities			
Trade payables	8	204,340,746	198,208,473
Other current liabilities	9	79,337,412	49,041,845
Short term provisions	10	94,777,158	86,042,639
		<u>2,170,107,556</u>	<u>1,986,472,795</u>
Assets			
Non current assets			
Fixed assets	11		
Tangible assets		130,475,331	131,881,074
Intangible assets		21,552,979	16,083,432
Non-current investments	12	74,565,206	74,065,206
Long term loans and advances	13	460,058,384	469,153,686
Deferred tax asset (net)	5	3,279,931	3,721,740
Current assets			
Current investments	14	1,212,487,370	1,072,864,915
Trade receivables	15	134,039,754	111,751,783
Cash and bank balances	16	2,749,758	7,552,005
Short term loans and advances	17	130,898,843	99,398,954
		<u>2,170,107,556</u>	<u>1,986,472,795</u>

Significant accounting policies and notes to financial statements

2 - 33

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W

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

N Sampath Ganesh

Partner

Membership No: 042554

Farrokh K. Kavarana

Chairman

Aspy Cooper

Director

Keki M. Elavia

Director

Arvind Sethi

Managing Director & CEO

Mumbai

12 May 2014



Normuz A. Bulsara

Chief Operating Officer

Nariman Khan

Company Secretary

Tata Asset Management Limited

Statement of profit and loss

for the year ended 31 March 2014

(Currency: Indian Rupees)

	Notes	2014	2013
Revenue from operations	18	1,734,601,752	1,324,572,895
Other income	19	78,717,193	109,041,481
Total Revenue		1,813,318,945	1,433,614,376
Employee costs	20	435,404,064	412,919,965
Depreciation / amortization	11	23,993,446	22,082,428
Other expenses	21	1,117,357,039	810,320,543
Total expenses		1,576,754,549	1,245,322,936
Profit before tax		236,564,396	188,291,440
Income tax expense :			
Current expense (net of MAT credit entitlement)		63,643,674	37,909,403
MAT credit asset	33	1,204,479	-
MAT credit utilized	33	(1,204,479)	-
Deferred tax		441,809	(3,966,514)
Profit for the year		172,478,913	154,348,551
Earnings per equity share of nominal value of Rs. 10 (Previous year: Rs. 10):			
Basic & Diluted (Rs.)	24	10.51	9.41
Significant accounting policies and notes to the financial statements	2 - 33		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

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

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

N Sampath Ganesh
Partner
Membership No: 042554

Farrokh K. Kavarana
Chairman

Aspy Cooper
Director

Keki M. Elavia
Director

Arvind Sethi
Managing Director & CEO

Mumbai
12 May 2014

Hormuz A. Bulsara
Chief Operating Officer

Nariman Khan
Company Secretary



Tata Asset Management Limited

Cash flow statement

for the year ended 31 March 2014

(Currency: Indian Rupees)

	Notes	2014	2013
Cash flows from operating activities			
Net profit before tax		236,564,396	188,291,440
Depreciation		23,993,446	22,082,428
Interest income		(4,147,528)	(1,652,602)
Dividend income		(23,573,585)	(31,030,154)
Profit on sale of investments (net)		(26,787,868)	(55,840,832)
Loss on sale of fixed assets (net)		102,290	68,310
Operating cash flow before working capital changes		206,151,151	121,918,590
(Increase) / decrease in trade receivables		(22,287,971)	(28,363,418)
(Increase) / decrease in loans and advances		(18,540,821)	17,542,489
Increase / (decrease) in trade payables, current liabilities and provisions		31,436,096	89,975,048
Cash utilized from working capital changes		(9,392,696)	79,154,119
Income tax paid (including tax deducted at source, net of refund)		(11,009,721)	(139,006,757)
Net cash generated from / (used in) operating activities (A)		185,748,734	62,065,952
Cash flow from investing activities			
Purchase of fixed assets		(30,672,366)	(22,892,186)
Proceeds from sale of fixed assets		2,512,826	2,755,014
Interest income		4,147,528	1,652,602
Dividend income		23,573,585	31,030,154
Purchase of investments		(2,328,788,095)	(2,584,633,037)
Proceeds from sale of investments		2,215,453,510	2,653,516,123
Net cash generated from investing activities (B)		(113,773,012)	81,428,670
Cash flow from financing activities			
Dividend and distribution tax paid		(76,777,969)	(143,008,155)
Net cash used in financing activities (C)		(76,777,969)	(143,008,155)
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		(4,802,247)	486,467
Cash and cash equivalents at the beginning of the year		7,552,005	7,065,538
Cash and cash equivalents at the end of the year	16	2,749,758	7,552,005

As per our report of even date attached

For BSR & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W

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

N Sampath Ganesh

Partner

Membership No: 042554

Farrokh K. Kavarana

Chairman

Aspy Cooper

Director

Keki M. Elavia

Director

Arvind Sethi

Managing Director & CEO

Hormuz A. Betsara

Chief Operating Officer

Nariman Khan

Company Secretary

Mumbai
12 May 2014



Tata Asset Management Limited

Notes to the financial statements

for the year ended 31 March 2014

(Currency: Indian Rupees)

1 Background

Tata Asset Management Limited ('the Company') was incorporated on 15 March 1994. The Company's principal activity is to act as an investment manager to Tata Mutual Fund ('the Fund') and to provide portfolio management services ('PMS') to clients. The Company is registered with Securities and Exchange Board of India ('SEBI') under SEBI (Mutual Fund) Regulations, 1996 and SEBI (Portfolio Managers) Regulations, 1993. 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

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of preparation of financial statements

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 and other accounting principles generally accepted in India, 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 recognized prospectively in current and future periods.

2.3 Current - non-current classification

All assets and liabilities are classified into current and non-current.

Assets :

An asset is classified as current when it satisfies any of the following criteria :

- a it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b it is held primarily for the purpose of being traded;
- c it is expected to be realized within 12 months after the reporting date; or
- d it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities :

A liability is classified as current when it satisfies any of the following criteria :

- a it is expected to be settled in the company's normal operating cycle;
- b it is held primarily for the purpose of being traded;
- c it is due to be settled within 12 months after the reporting date; or
- d the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities.

All other liabilities are classified as non-current.



Tata Asset Management Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2014

(Currency: Indian Rupees)

2 Significant accounting policies (*Continued*)

2.4 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 amortized 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 utilized.

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

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.

Leasehold improvements are amortized over the primary period of lease on straight line basis or useful life which ever is less.

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 recognized in the statement of profit and loss.

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 realizable value. The comparison of cost and net realizable 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

Revenue recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

Investment Management Fees (net of service tax)

Investment Management fees are recognized on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996, as amended from time to time based on average assets under management (AUM) of Tata Mutual Fund schemes.

Portfolio Management Fees (net of service tax)

Portfolio Management fees are recognized on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients.

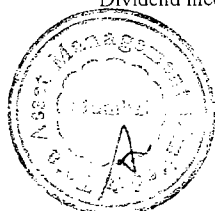
Advisory fees

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

Other income

Interest income is accounted on a time proportion basis.

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



Tata Asset Management Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2014

(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 recognized in the statement of profit and loss 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 recognized in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

2.9 Employee benefits

Gratuity and Superannuation

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 recognizes 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 recognized immediately in the statement of profit and loss.

Benefits in respect of gratuity, a defined benefit scheme, and superannuation, a defined contribution scheme, as applicable to employees of the Company are annually funded with the Life Insurance Corporation of India.

Provident fund

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

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 earned leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized 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.

2.10 New fund offer expenses ('NFO')

Expenses relating to NFO are charged to statement of profit and loss 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.

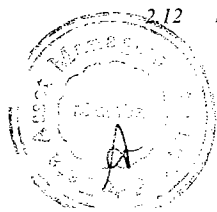
2.11 Scheme expenses

Expenses incurred (inclusive of advertisement / brokerage expenses etc.) for / on behalf of the schemes of the Fund are charged to the statement of profit and loss in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996 and as amended.

In pursuance to SEBI PR No. 77/2012, the Company has incurred expenses related to advertisement, brokerage, custodian etc. for or on behalf of the schemes of the Fund and the same has been charged to statement of profit and loss

2.12 Brokerage and incentives

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



Tata Asset Management Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2014

(Currency: Indian Rupees)

2 Significant accounting policies (Continued)

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 recognized 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 recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized when there is reasonable certainty that the assets can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized to the extent there is a virtual certainty of realization 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 realized.

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 recognized as an expense in the statement of profit and loss 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.

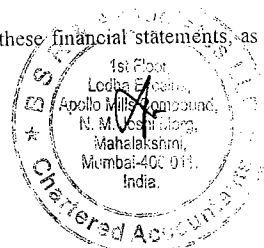
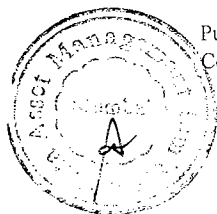
Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

2.17 Segment reporting

The Company is in the business of providing asset management services to the fund and portfolio management service to clients. The primary segment is identified as asset management services. As such the Company's financial statements are largely reflective of the asset management business and there is no separate reportable segment.

Pursuant to Accounting Standard (AS) 17 Segment Reporting, no segment disclosure has been made in these financial statements, as the Company has only one geographical segment and no other separate reportable business segment.



Tata Asset Management Limited

Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

3 Share capital

	2014		2013	
	Number	Amount	Number	Amount
Authorized				
25,000,000 (Previous year: 25,000,000) equity shares of Rs.10 each	25,000,000	250,000,000	25,000,000	250,000,000
Issued, Subscribed & Paid up				
16,406,250 (Previous year: 16,406,250) equity shares of Rs.10 each	16,406,250	164,062,500	16,406,250	164,062,500
	<u>16,406,250</u>	<u>164,062,500</u>	<u>16,406,250</u>	<u>164,062,500</u>

Reconciliation of equity shares:

Particulars	Equity Shares 2014		Equity Shares 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	16,406,250	164,062,500	16,406,250	164,062,500
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>16,406,250</u>	<u>164,062,500</u>	<u>16,406,250</u>	<u>164,062,500</u>

Particulars of shareholders holding more than 5% and shares held by their holding and their subsidiaries / associates:

Particulars	Nature of Relationship	2014		2013	
11,140,793 (Previous year: 11,140,793) Equity Shares of Rs.10 each	Tata Sons Limited, Holding company	111,407,930	67.91%	111,407,930	67.91%
5,265,457 (Previous year: 5,265,457) Equity Shares of Rs.10 each	Tata Investment Corporation Limited, Fellow subsidiary	52,654,570	32.09%	52,654,570	32.09%

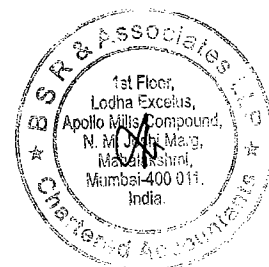
Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

There is no buyback / bonus shares issued during the period of five years immediately preceding reporting date.



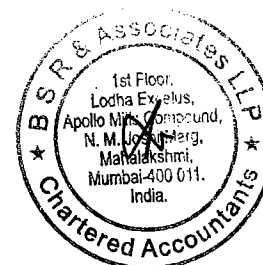
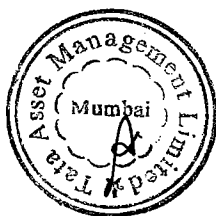
Tata Asset Management Limited

Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

	2014	2013
4 Reserves and surplus		
General reserve		
Opening balance	306,650,000	286,650,000
Add : Transfer from statement of profit and loss	20,000,000	20,000,000
Closing balance	326,650,000	306,650,000
Securities premium account		
Opening balance	65,625,000	65,625,000
Closing balance	65,625,000	65,625,000
Surplus in statement of profit and loss		
Opening balance	945,485,475	887,914,893
Add : Net profit for the year	172,478,913	154,348,551
Less : Proposed dividend (including tax on dividend)	86,375,215	76,777,969
Less : Transfer to general reserve	20,000,000	20,000,000
Closing balance	1,011,589,173	945,485,475
	1,403,864,173	1,317,760,475



Tata Asset Management Limited

Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

2014

2013

5 Deferred tax assets/(liabilities) (net)

Deferred tax assets/(liabilities) included in the balance sheet comprise of the following :

Deferred tax assets:

Employee compensation

Straight lining of lease rentals

Directors commission

15,867,147

16,484,129

122,858

178,761

849,750

746,235

16,839,755

17,409,125

Deferred tax liability:

Written down value of fixed asset

(13,559,824)

(13,687,385)

Net deferred tax assets / (liabilities)

3,279,931

3,721,740

6 Other long-term liabilities

Security deposits

Income tax refunds

5,165,000

4,925,000

186,387,876

129,890,155

191,552,876

134,815,155

7 Long term provisions

Provision for employee benefits

Non current liabilities

Gratuity (funded) (refer to note 26)

Leave encashment (unfunded)

-

442,608

32,172,691

36,099,100

32,172,691

36,541,708

8 Trade payables

Due to micro and small suppliers (refer note 31)

Others

204,340,746

198,208,473

204,340,746

198,208,473

9 Other current liabilities

Statutory dues

Employee related expenses payable

Directors' commission payable

15,091,695

13,644,104

61,745,717

33,097,741

2,500,000

2,300,000

79,337,412

49,041,845

10 Short term provisions

Provision for employee benefits

Leave encashment (unfunded)

Other provisions

Proposed dividend

Tax on proposed dividend

8,401,943

9,264,670

73,828,125

65,625,000

12,547,090

11,152,969

94,777,158

86,042,639



Tata Asset Management Limited

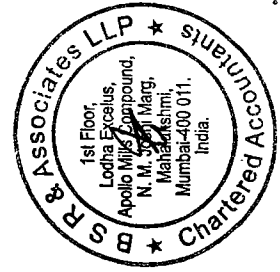
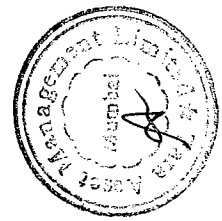
Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

11 Fixed assets

Fixed Assets	Gross Block			Accumulated Depreciation		Net Block
	Balance as at 1 April 2013	Additions	Disposal	Balance as at 1 April 2013	Depreciation charge for the year	Balance as at 31 March 2014
Tangible assets :						
Premises	110,093,080	-	-	26,686,523	1,794,518	81,612,039
Furniture and fixtures	30,371,010	727,775	127,303	19,411,023	2,141,173	9,523,107
Vehicles	18,457,326	10,267,370	5,743,424	8,890,531	3,693,761	13,977,971
Office equipment	24,615,670	1,876,541	952,670	13,613,733	1,664,222	10,989,364
Computers	44,210,329	6,237,445	4,357,672	36,361,969	4,148,556	9,736,617
Subtotal (I)	227,747,415	19,109,131	11,181,069	104,963,779	13,442,230	125,839,098
Lease hold improvements :						
Furniture and fixtures	21,729,792	190,631	-	13,202,196	4,441,794	4,276,433
Office equipment	1,346,095	106,748	-	776,253	316,790	359,800
Subtotal (II)	23,075,887	297,379	-	13,978,449	4,758,584	4,636,233
Total Tangible assets (A) (I + II)	250,823,302	19,406,510	11,181,069	118,942,228	18,200,814	130,475,331
Intangible assets :						
Computer software	29,101,598	11,220,912	62,922	14,479,061	4,938,795	20,900,977
Licenses and franchise	10,692,568	44,944	-	9,231,673	853,837	652,002
Total intangible assets (B)	39,794,166	11,265,856	62,922	23,710,734	5,792,632	21,552,979
Total fixed assets (A + B)	290,617,468	30,672,366	11,243,991	142,652,962	23,993,446	152,028,310



Tata Asset Management Limited

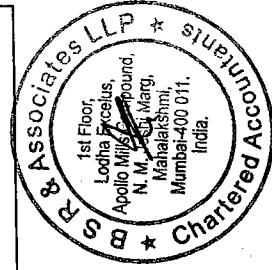
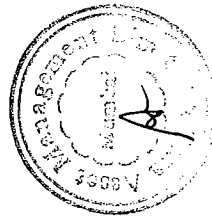
Notes to the financial statements (Continued) as at 31 March 2014

(Currency: Indian Rupees)

11 Fixed assets (Continued)

As at 31 March 2013

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 April 2012	Additions	Disposal	Balance as at 1 April 2012	Depreciation charge for the year	On disposals	Balance as at 31 March 2013	Balance as at 31 March 2013
Tangible assets :								
Premises	110,093,080	-	-	24,892,005	1,794,518	-	26,686,523	83,406,557
Furniture and fixtures	29,810,754	580,581	20,325	17,006,267	2,419,919	15,163	19,411,023	10,959,987
Vehicles	18,818,374	5,271,960	5,633,008	9,096,858	2,917,805	3,124,132	8,890,531	9,566,795
Office equipment	23,784,958	1,242,538	411,826	11,974,744	1,883,371	244,382	13,613,733	11,001,937
Computers	43,676,410	3,383,200	2,849,281	34,741,413	4,327,995	2,707,439	36,361,969	7,848,360
Subtotal (I)	226,183,576	10,478,279	8,914,440	97,711,287	13,343,608	6,091,116	104,963,779	122,783,636
Lease hold improvements :								
Furniture and fixtures	21,681,199	48,593	-	8,707,995	4,494,201	-	13,202,196	8,527,596
Office equipment	1,346,095	-	-	482,712	293,541	-	776,253	569,842
Subtotal (II)	23,027,294	48,593	-	9,190,707	4,787,742	-	13,978,449	9,097,438
Total Tangible assets (A) (I + II)	249,210,870	10,526,872	8,914,440	106,901,994	18,131,350	6,091,116	118,942,228	131,881,074
Intangible assets :								
Computer software	16,814,936	12,286,662	-	12,370,961	2,108,100	-	14,479,061	14,622,537
Licenses and franchise	10,613,916	78,652	-	7,388,688	1,842,985	-	9,231,673	1,460,895
Total intangible assets (B)	27,428,852	12,365,314	-	19,759,649	3,951,085	-	23,710,734	16,083,432
Total fixed assets (A + B)	276,639,722	22,892,186	8,914,440	126,661,643	22,082,435	6,091,116	142,652,962	147,964,506



Tata Asset Management Limited

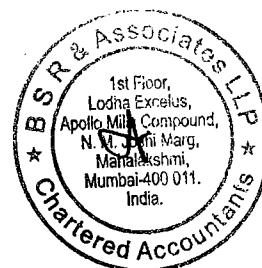
Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

12 Non current investment (valued at cost unless stated otherwise)

Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Face Value	No. of Shares / Units		Amount	
			2014	2013	2014	2013
Trade Investments						
Investment in equity instruments (unquoted) :						
Tata Asset Management (Mauritius) Private Limited	Subsidiary	USD 1	510,100	510,100	23,065,206	23,065,206
Tata Pension Management Limited	Subsidiary	INR 10	100,000	100,000	1,000,000	1,000,000
Investment pending allotment in MF Utilities	Others	INR 1	500,000	-	500,000	-
Non-trade investments						
Investment in bonds (quoted) :						
Rural Electrification Corporation Limited	Others	INR 1,000	50,000	50,000	50,000,000	50,000,000
					74,565,206	74,065,206
Aggregate book value of unquoted non-current investments					24,565,206	24,065,206
Quoted non-current investments						
- Aggregate book value					50,000,000	50,000,000
- Aggregate market value					47,027,500	50,200,000



Tata Asset Management Limited

Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

2014

2013

13 Long term loans and advances

(unsecured and considered good)

To related parties :

Security deposits *

16,160,000

16,160,000

To parties other than related parties :

Advance tax (net of provisions Rs. 547,838,064 (Previous year: Rs. 484,194,390))

326,406,544

322,542,778

Capital advances

6,708,293

6,532,829

Securities deposits

70,609,381

69,752,601

Prepaid expenses

28,297,795

42,464,632

Staff loans

10,483,547

11,700,846

Gratuity (funded) (refer to note 26)

1,392,824

-

460,058,384

469,153,686

* The Company has paid cash deposits to Tata Industries Limited (Rs. 15,500,000) for Chairman's housing lease and to Tata Sons Limited (Rs. 660,000) for the office space lease.



Tata Asset Management Limited

Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

14 Current investments

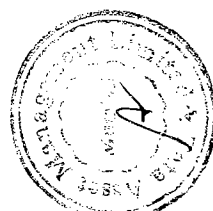
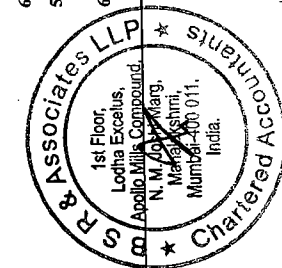
Name of the body corporate	Face Value	No. of Shares / Units	2014	2013	Amount	2014	2013
Current portion of Long term investments (valued at cost unless stated otherwise):							
Investments in mutual funds (quoted)							
TATA FMP SERIES 39 SCHEME B GROWTH	INR 10	-	-	1,500,000,000	-	-	15,000,000
TATA FMP SERIES 39 SCHEME G GROWTH	INR 10	-	-	5,000,000,000	-	-	50,000,000
TATA FMP SERIES 39 SCHEME H GROWTH	INR 10	-	-	5,000,000,000	-	-	50,000,000
TATA FMP SERIES 40 SCHEME F DIVIDEND	INR 10	-	-	10,000,000,000	-	-	100,000,000
TATA FMP SERIES 42 SCHEME A DIRECT GROWTH	INR 10	10,000,000,000	-	10,000,000,000	100,000,000	-	100,000,000
TATA FMP SERIES 42 SCHEME G DIRECT GROWTH	INR 10	10,000,000,000	-	-	100,000,000	-	-
TATA FMP SERIES 43 SCHEME C DIRECT GROWTH	INR 10	8,000,000,000	-	-	80,000,000	-	-
TATA FMP SERIES 45 SCHEME A DIRECT GROWTH	INR 10	8,000,000,000	-	-	80,000,000	-	-
TATA FMP SERIES 46 SCHEME P DIRECT GROWTH	INR 10	5,000,000,000	-	-	50,000,000	-	-
TATA FMP SERIES 42 SCHEME I DIRECT GROWTH	INR 10	5,000,000,000	-	-	50,000,000	-	-
TATA FMP SERIES 46 SCHEME T DIRECT GROWTH	INR 10	5,000,000,000	-	-	50,000,000	-	-
TATA FMP SERIES 46 SCHEME R DIRECT GROWTH	INR 10	5,000,000,000	-	-	50,000,000	-	-
TATA FMP SERIES 47 SCHEME B DIRECT GROWTH	INR 10	4,000,000,000	-	-	40,000,000	-	-
TATA FMP SERIES 46 SCHEME C DIRECT GROWTH	INR 10	3,500,000,000	-	-	35,000,000	-	-
Other investments (valued at lower of cost or fair value):							
Investments in Mutual Funds (unquoted)							
TATA DYNAMIC BOND FUND DIRECT DIVIDEND	INR 10	18,865,781,216	-	14,269,138,670	244,484,550	183,250,564	-
TATA DYNAMIC BOND FUND OPTION A DIVIDEND	INR 10	8,235,072,738	-	8,074,793,820	102,722,039	100,607,773	-
TATA FLOATER FUND DIRECT PLAN GROWTH	INR 1000	121,742,265	-	-	217,623,460	-	-
TATA FLOATER FUND DIRECT PLAN DAILY DIVIDEND	INR 1000	8,059,475	-	263,605,670	8,087,975	264,544,371	-
TATA LIQUID FUND DIRECT PLAN DAILY DIVIDEND	INR 1000	17,050,951	-	15,630,530	19,003,628	17,420,536	-
TATA SHORT TERM BOND FUND FORTNIGHTLY DIVIDEND	INR 10	2,857,658,518	-	4,190,477,020	35,565,718	52,041,671	-
Total		88,605,365,163		72,313,645,710	1,212,487,370	1,072,864,915	

Quoted current investments:

Aggregate market value

Aggregate book value

Aggregate book value of unquoted current investments



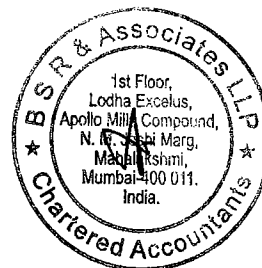
Tata Asset Management Limited

Notes to the financial statements (Continued)

as at 31 March 2014

(Currency: Indian Rupees)

	2014	2013
15 Trade receivables (unsecured and considered good)		
Receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	134,039,754	111,751,783
	<u>134,039,754</u>	<u>111,751,783</u>
16 Cash and bank balances		
Cash & cash equivalents :		
Cash on hand	4,956	26,970
Balances with banks		
on current accounts	2,744,802	7,525,035
	<u>2,749,758</u>	<u>7,552,005</u>
17 Short term loans and advances (unsecured and considered good)		
To related parties :		
Prepaid expenses	4,328,172	3,735,772
To parties other than related parties :		
Advances recoverable in cash or in kind or for value to be received	24,408,937	7,890,782
Staff loans	1,267,984	1,265,904
Prepaid expenses	99,435,044	85,327,689
Others	1,458,706	1,178,807
	<u>130,898,843</u>	<u>99,398,954</u>



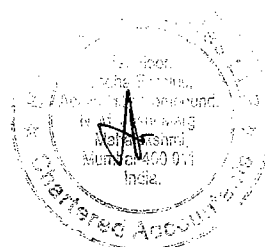
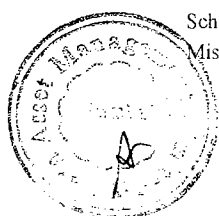
Tata Asset Management Limited

Notes to the financial statements

for the year ended 31 March 2014

(Currency: Indian Rupees)

	2014	2013
18 Revenue from operations		
Fees from mutual fund operations	1,701,536,604	1,305,766,156
Fees from portfolio management services	33,065,148	18,806,739
	<u>1,734,601,752</u>	<u>1,324,572,895</u>
19 Other Income		
Advisory fees	14,919,652	15,153,205
Interest income		
Long term investments	3,610,001	1,137,397
Interest on staff loans	537,527	515,205
Dividend on :		
Current investments	23,573,585	31,030,154
Profit on sale of investments (net)	26,787,868	55,840,832
Miscellaneous income	9,288,560	5,364,688
	<u>78,717,193</u>	<u>109,041,481</u>
20 Employee Costs		
Salaries, bonus and allowances	394,108,267	362,396,705
Contribution to provident and other funds	22,906,312	33,495,587
Staff welfare costs	18,389,485	17,027,673
	<u>435,404,064</u>	<u>412,919,965</u>
21 Other expenses		
Rent	84,798,279	83,633,656
Electricity	12,072,486	11,584,037
Repairs and maintenance :		
Equipment	8,084,361	3,953,194
Premises	15,565,624	13,700,122
Insurance	10,992,028	9,978,893
Legal and professional fees	30,190,814	20,484,675
Information technology	22,515,073	26,466,513
Travelling and conveyance	21,980,321	23,060,903
Brokerage and incentives (PMS)	16,296,377	7,207,914
Communication expenses	20,318,584	17,380,246
Books, periodicals and subscriptions	17,175,970	14,038,203
Loss on sale of fixed assets (net)	102,290	68,310
Training expenses	1,043,044	2,290,725
Printing and stationery	3,551,820	4,286,546
Marketing and sales promotion	11,319,767	10,221,533
Auditors remuneration :		
Audit fees	1,950,000	1,800,000
Tax audit fees	350,000	300,000
Reimbursement of out of pocket expenses	35,112	33,555
Directors expenses	3,330,055	4,303,034
Auxiliary services	17,054,601	16,384,015
Scheme expenses (Refer note 2.11)	817,092,196	536,284,504
Miscellaneous expenses	1,538,237	2,859,965
	<u>1,117,357,039</u>	<u>810,320,543</u>



Tata Asset Management Limited

Notes to the financial statements (Continued) for the year ended 31 March 2014

(Currency: Indian Rupees)

22 Related party

Related parties where control exists :

Tata Sons Limited – Holding Company

Wholly owned subsidiary with whom transactions have taken place :

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

Fellow subsidiaries with whom transactions have taken place :

Tata Trustee Company Limited

Tata AIG General Insurance Company Limited

Tata AIA Life Insurance Company Limited

Tata Industries Limited

Tata Consultancy Services Limited

Tata Investment Corporation Limited

Infinity Retail Limited

Tata Securities Limited

Tata Teleservices (Maharashtra) Limited (up to 26 March 2013)

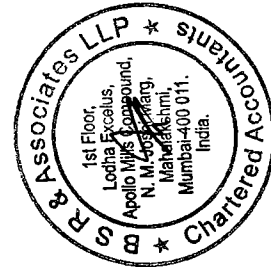
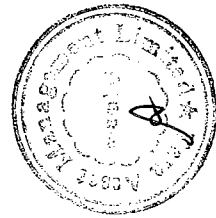
Tata Teleservices Limited (up to 26 March 2013)

Vollas Limited

Tata Capital Limited

TC Travel And Services Limited

Tata Sky Limited



Tata Asset Management Limited

Notes to the financial statements (Continued) for the year ended 31 March 2014

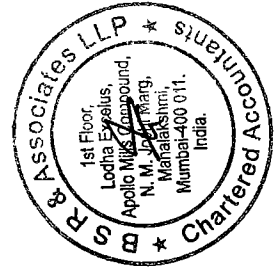
(Currency: Indian Rupees)

22 Related party (Continued)

Key management :

Mr. Arvind Sethi - Managing Director & CEO

Description	Nature of expense / income	Holding company			Wholly owned subsidiary			Fellow subsidiary			Key management personnel		
		Transaction Amount	Balance Outstanding	2012-2013	Transaction Amount	Balance Outstanding	2012-2013	Transaction Amount	Balance Outstanding	2012-2013	Transaction Amount	Balance Outstanding	2012-2013
Tata Sons Limited	Subscription paid	4,336,504	3,311,432										
Tata Sons Limited	Rent income	4,971,936	1,657,312										
Tata Sons Limited	Dividend paid	44,563,172	83,555,948										
Tata Sons Limited	Services availed	1,378,182	9,483,302	1,412,806	3,476,432								
Tata Sons Limited	Security deposit given	-	-	660,000									
Tata Sons Limited	Security deposit taken	-	-	4,425,000									
Tata Asset Management (Mauritius) Private Limited	Management fee income			88,877,523	105,683,081								
Tata Asset Management (Mauritius) Private Limited	Advisory fee income			6,106,126	25,869,816	4,814,098	30,056,988						
Tata AIG General Insurance Company Limited	Insurance paid							3,262,627	6,800	5,815,877			
Tata AIA Life Insurance Company Limited	Insurance paid							1,128,615	-	1,081,306			
Tata Consultancy Services Limited	Professional services availed							1,663,903	400,000	1,798,093	673,800		
Tata Industries Limited	Rent expense							753,054	613,264				
Tata Industries Limited	Security deposit given								15,500,000		15,556,844		
Tata Investment Corporation Limited	Dividend paid							21,061,828	-	39,490,928			
Tata Securities Limited	Professional services availed							41,444	10,861	37,065	9,751		
Tata Teleservices (Maharashtra) Limited	Professional services availed								-	4,989,606	209,096		
Tata Teleservices Limited	Professional services availed								-	1,995,036	168,887		
Vollas Limited	Purchase of Goods							37,570		450,166			
Vollas Limited	Maintenance charges							497,714		21,290			



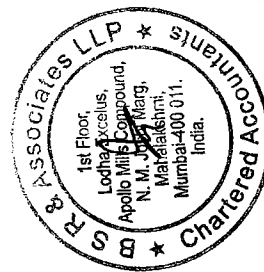
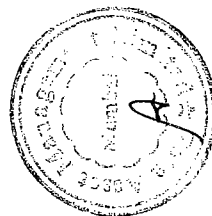
Tata Asset Management Limited

Notes to the financial statements (Continued) for the year ended 31 March 2014

(Currency: Indian Rupees)

22 Related party (Continued)

Description	Nature of expense / income	Holding company			Wholly owned subsidiary			Fellow subsidiary			Key management personnel		
		Transaction Amount	Balance Outstanding	2013-2014	Transaction Amount	Balance Outstanding	2013-2014	Transaction Amount	Balance Outstanding	2013-2014	Transaction Amount	Balance Outstanding	2012-2013
Tata Capital Limited	Professional services availed							4,959,560	387,425		979,476	345,074	
TC Travel And Services Limited	Professional services availed							216,057	25,000		2,167,534	200,000	
Infinity Retail Limited	Purchase of Goods							73,145	-		163,488	-	
Tata Sky Limited	Rent income							1,740,000	-		1,740,000	-	
Tata Trustee Company Limited	Miscellaneous service income							-	-		2,556,190	-	
Mr. Arvind Sethi	Managerial Remuneration							-	-		14,096,150	-	5,078,266
Mr. Sanjay Sachdev	Managerial Remuneration							-	-		-	-	34,269,205



Tata Asset Management Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2014

(Currency: Indian Rupees)

23 Operating leases

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	
	2014	2013	2014	2013	2014	2013
Total future minimum lease payments	1,286,336	385,600	574,425	792,960	-	-

The total lease payments recognized in the statement of profit and loss amount to Rs. **84,436,825** (Previous year Rs. 83,633,656) which includes reversal of Rs. 189,512 (Previous year: Rs. 396,444) towards provision for straight lining of lease rentals.

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	
	2014	2013	2014	2013	2014	2013
Total future minimum lease receipts	3,804,000	2,820,000	4,213,600	5,080,000	-	-

The total rent receipts recognized in the statement of profit and loss towards the above referred leases amount to Rs. **3,060,000** (Previous year: Rs. 2,694,000).

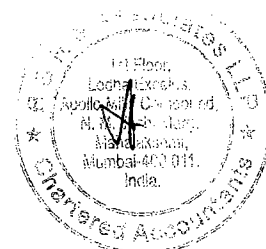
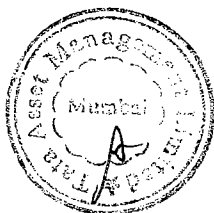
24 Earnings per share ('EPS')

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 :

	2014	2013
Profit after tax	172,478,913	154,348,551
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.)	10.51	9.41

25 Provisions for loyalty incentives

Opening balance as on 1 April 2012	4,182,346	3,820,336
Additional provision/(reversal) during the year	-	-
	4,182,346	3,820,336
Amount incurred and charged during the year	32,289	362,010
Closing balance as on 31 March 2014	4,214,635	4,182,346



Tata Asset Management Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2014

(Currency: Indian Rupees)

25 Provisions for loyalty incentives (Continued)

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.

26 Retirement benefit

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Super annuation which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund and Super annuation for the year aggregated to Rs. 20,556,942 (Previous year: Rs. 27,371,134).

The following tables summarize the components of the expenses recognized in the profit and loss account, and the fund status and amount recognized in the balance sheet for the gratuity benefit plan.

	2014	2013
Principal actuarial assumptions at the balance sheet date :		
Discount rate	9.15%	7.95%
Salary escalation	5% for first 4 years, and 7% thereafter	5% for first 5 years, and 7% thereafter
Employee attrition rate	15% upto age 44 and 5% thereafter	15% upto age 44 and 5% thereafter
Changes in the defined benefit obligation :		
Opening defined benefit obligation	20,152,201	16,514,602
Current service cost	3,010,726	2,985,084
Interest cost	1,691,811	1,604,552
Actuarial losses / (gain)	(2,288,722)	1,533,098
Benefits paid	(2,559,295)	(2,485,135)
Closing defined benefit obligation	20,006,721	20,152,201



Tata Asset Management Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2014

(Currency: Indian Rupees)

	2014	2013			
26 Retirement benefit (Continued)					
Change in fair value of assets :					
Opening fair value of plan assets	19,709,593	16,023,902			
Expected return of plan assets	1,468,298	1,224,296			
Actuarial gain / (losses)	224,138	246,973			
Contribution by employer	2,556,811	4,699,557			
Benefits paid	(2,559,295)	(2,485,135)			
Fair value of plan assets as at end of the year	21,399,545	19,709,593			
Reconciliation of the present value of defined benefit obligation and the fair value of assets					
Present value of funded obligation	20,006,721	20,152,201			
Fair value of plan assets	(21,399,545)	(19,709,593)			
Amount not recognized as an asset	-	-			
Net liability	(1,392,824)	442,608			
Balance sheet					
Liability	-	442,608			
Assets	1,392,824	-			
Net liability	(1,392,824)	442,608			
Statement of profit and loss					
Net employee benefit expenses (recognized in employee cost)					
Current service cost	3,010,726	2,985,084			
Interest on defined benefit obligation	1,691,811	1,604,552			
Expected return on plan assets	(1,468,298)	(1,224,296)			
Net actuarial losses / (gains) recognized in the year	(2,512,860)	1,286,125			
Total included in 'Employee Benefit Expense'	721,379	4,651,465			
Five year information					
	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011	31-Mar-2010
Gratuity					
Defined benefit obligation	20,006,721	20,152,201	16,514,602	14,008,175	8,658,519
Fair value of plan assets	21,399,545	19,709,593	16,023,902	13,534,711	11,326,766
(Surplus) / deficit in the plan	1,392,824	(442,608)	(490,700)	(473,464)	2,668,247
Experience adjustment arising on plan liabilities	(594,570)	1,622,586	(1,346,734)	1,666,227	953,376
Experience adjustment arising on plan assets	224,138	246,973	202,488	201,054	143,047

27 Contingent liabilities

(to the extent not provided for)

Contingent liability as at 31 March 2014 is Rs. Nil (Previous year: Rs. Nil).

28 Capital commitments

An amount of Rs. 1,500,000 is balance towards capital commitments as at 31 March 2014 (Previous year: Rs. 5,000,000).



Tata Asset Management Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2014

(Currency: Indian Rupees)

	2014	2013
29 Expenditure in foreign currency (on accrual basis)		
Travelling	1,507,670	3,073,318
Legal & Professional Fees	753,625	-
Marketing	2,224,499	-
Subscriptions	2,103,712	-
	<u>6,589,506</u>	<u>3,073,318</u>
30 Earnings in foreign currency (on accrual basis)		
Management fees	88,877,523	105,683,081
Advisory fees	14,919,652	15,153,205
	<u>103,797,175</u>	<u>120,836,286</u>
31 Other Payables		

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.

	2014	2013
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	Nil	Nil



Tata Asset Management Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2014

(Currency: Indian Rupees)

32 Transfer pricing

The Company has developed a system of maintenance 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 all domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.

33 MAT Credit

MAT Credit entitlement is recognized where there is convincing evidence that the same can be realized in future. The Company has a balance of unrecognized MAT Credit of Rs. 1,204,479 (Previous year: Rs. Nil).

As per our report of even date attached

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

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

N Sampath Ganesh
Partner
Membership No: 042554

Farrokh K. Kavarana
Chairman

Aspy Cooper
Director

Keki M. Elavia
Director

Arvind Sethi
Managing Director & CEO

Mumbai
12 May 2014

Hormuz A. Bulsara
Chief Operating 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.	U65990MH1994PLC077090	State code	11
Balance sheet date			31-03-14

II Capital raised during the year

Public issue	-	Rights issue	-
Bonus issue	-	Private placement	-

III Position of mobilisation and deployment of funds

Total liabilities	602,180,883	Total assets	2,170,107,556
-------------------	-------------	--------------	---------------

Sources of funds

Paid-up capital	164,062,500	Reserves and surplus	1,403,864,173
Secured loans	-	Unsecured loans	-

Application of funds

Net fixed assets	152,028,310	Investments	1,287,052,576
Net current assets	125,565,856	Miscellaneous expenditure	-
Deferred tax asset	3,279,931	Accumulated losses	-

IV Performance of company

Total turnover	1,734,601,752	Total expenditure	1,576,754,549
Profit before tax	236,564,396	Profit after tax	172,478,913
Earning per share in Rs. (actuals)	10.51	Dividend rate (%)	45%

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

Aspy Cooper
Director

Keld M. Elavia
Director

Arvind Sethi
Managing Director & CEO

Hormuz A. Bulsara
Chief Operating Officer

Nariman Khan
Company Secretary

Mumbai
12 May 2014

