

UNION KBC ASSET MANAGEMENT COMPANY PRIVATE LIMITED

ANNUAL REPORT 2010 - 2011

Union KBC Asset Management Company Private Limited
Registered Office:

7th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013.



AUDITOR'S REPORT

To

The Members of Union KBC Asset Management Company Private Limited

1. We have audited the attached balance sheet of **Union KBC Asset Management Company Private Limited** ('The Company), as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement for the period ended 31st March, 2011, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
 - i.) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii.) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.



- iii.) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv.) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956 to the extent applicable.
- v.) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi.) The Govt. has not notified the rate of ccss envisaged under Section 441A (i), of the Companies Act, 1956 hence, no provision /payment has been made for the same (Refer Schedule 11 Note C 9).
- vii.) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with notes thereon give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in case of the Balance Sheet, of the State of the affairs of the Company as at 31st March, 2011
- b) in case of the Profit and Loss Account, of the Loss for the period ended on that date and
- c) in case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

For **Bansal R. Kumar & Associates**
Chartered Accountants,
Firm Reg. No.: 08186N

Place: MUMBAI
Date: 27.04.2011




(CA. R.K.Gupta)
Partner
M. No.: 86851

Annexure referred to in our report of even date to the members of Union KBC Asset Management Company Private Limited, Mumbai on the accounts of the Company for the period 1st October, 2010 to 31st March, 2011

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the period. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification during the period.
- (c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In our opinion, and according to the information and explanation given to us, by the Company's nature of operation does not require it to hold inventories. Consequently, clause 4(ii) of the Companies (auditors' report) order 2003 is not applicable.
- (iii) (a) As informed to us, the Company has not granted any loans, secured or unsecured, to companies or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed to us, the Company has not taken any loans, secured or unsecured from other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, the internal control system for purchase of fixed assets commensurate with the size of the Company and the nature of business. The Company did not purchase inventory or sell services during the period.



- (v) In our opinion and according to the information and explanation given to us , there no transaction of purchase of goods and services and Sale of goods and services, made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the companies Act. 1956.
- (vi) According to the information and explanation given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve bank of India and the provisions section 58A and section 58AA of the Company Act, 1956 and the rules framed there under apply. Consequently, clause 4(vi) of the Companies (auditors' report) order 2003 is not applicable.
- (vii) In our opinion, the internal audit function, carried out during the period, by firm of Chartered Accountants appointed by the Management is commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanation given to us, by the Company, Central Government has not prescribed the maintenance of cost record under section 209 (1)(d) of the Companies Act, 1956. Consequently, clause 4(viii) of the Companies (auditors' report) order 2003 is not applicable.
- (ix) According to the records made available and information provided to us, the company is regular in depositing undisputed statutory dues like Provident Fund, Income Tax and other Statutory Dues with the appropriate authorities. Further as explained to us, the provisions for Employee State Insurance, Sales Tax, Wealth Tax and Excise Duty are not applicable to the company during the year. In the absence of notification/ guidelines for levy of Cess towards rehabilitation of Sick Industries, the dues remain unascertained and not deposited. According to the information and explanation given to us there are no dues of Income Tax/ Service Tax and other Statutory Dues, which have not been deposited on account of any dispute.
- (x) As at 31st March, 2011, the Company has been registered for less than five year and consequently, clauses 4(x) of the Companies (auditors' report) order 2003 is not applicable.
- (xi) According to the information and explanation given to us, the Company has not issued any debenture or taken any loan from any financial institution or a bank during the period.

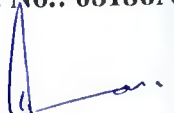


- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by other from banks or financial institutions.
- (xvi) According to the information and explanation given to us, the Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used 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 Companies Act, 1956.
- (xix) The company has not issued any debentures during the period.
- (xx) The company has not raised any money by public issues.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **Bansal R. Kumar & Associates**
Chartered Accountants,
Firm Reg. No.: 08186N

Place : MUMBAI
Date : 27.04.2011




(CA.R.K. Gupta)
Partner
M. No.: 86851

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UNION KBC ASSET MANAGEMENT COMPANY PRIVATE LIMITED FOR THE PERIOD FROM 01 OCTOBER 2010 TO 31 MARCH 2011.

The preparation of financial statements of Union KBC Asset Management Company Private Limited for the period 01 October 2010 to 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 April 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of Union KBC Asset Management Company Private Limited for the period 01 October 2010 to 31 March 2011 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India



(Alka R. Bhardwaj)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai.
Date : 7 July 2011

Union KBC Asset Management Company Private Limited

Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011 Rs.	As at September 30, 2010 Rs.
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	1	950,000,000	950,000,000
Reserve and Surplus	2	250,000,000	250,000,000
		<u>1,200,000,000</u>	<u>1,200,000,000</u>
Deferred Tax Liability (Refer Schedule 11 Note C 7)		2,695,856	605,130
Total		<u>1,202,695,856</u>	<u>1,200,605,130</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	3	47,608,090	11,795,379
Less : Depreciation		6,355,482	652,568
Net Block		<u>41,252,608</u>	<u>11,142,811</u>
Investments	4	371,865,450	-
Current Assets, Loans and Advances :			
Cash and Bank Balances	5	610,845,563	1,081,469,913
Loans and Advances	6	71,364,260	48,172,380
		<u>682,209,823</u>	<u>1,129,642,293</u>
Less : Current Liabilities and Provisions :			
Current Liabilities	7	17,513,331	8,034,099
Provisions	8	640,624	153,304
		<u>18,153,955</u>	<u>8,187,403</u>
Net Current Assets		664,055,868	1,121,454,890
Debit Balance in Profit and Loss Account		125,521,930	68,007,429
Total		<u>1,202,695,856</u>	<u>1,200,605,130</u>
Significant Accounting Policies and Notes to Accounts	11		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For Bansal R.Kumar & Associates

Chartered Accountants

FRN : 08186N

(CA. R.K.Gupta)

Partner

M.No.: 86851



For Union KBC Asset Management Company Private Limited

[Signature]
Director

[Signature]
Director

[Signature]
G. Pradeepkumar
Chief Executive Officer

[Signature]
Jos Hulsbosch
Chief Risk Officer

[Signature]
Sagar Gandhi
Company Secretary

Place: Mumbai

Date: 27 APR 2011

Union KBC Asset Management Company Private Limited

Profit and Loss Account for the period from October 1, 2010 to March 31, 2011

Schedule	October 1, 2010 to March 31, 2011 Rs.	December 30, 2009 to September 30, 2010 Rs.
INCOME		
Interest Income (TDS Rs. 13.36 lakhs; previous period Rs. 18.81 Lakhs)	36,635,522	18,809,907
Other Income	3,680	-
Total	36,639,202	18,809,907
EXPENDITURE		
Employee Costs	9 45,388,519	35,926,563
Administrative & Other Expenses	10 40,951,674	41,125,069
Depreciation & Amortization	5,722,784	652,568
Preliminary Expenses written off	-	8,508,006
Total	92,062,977	86,212,206
Profit/(Loss) before tax	(55,423,775)	(67,402,299)
Provision for Taxation		
- Current Tax	-	-
- Deferred Tax	2,090,726	605,130
	2,090,726	605,130
Profit/(Loss) after tax	(57,514,501)	(68,007,429)
Profit/(Loss) Account opening balance	(68,007,429)	-
Profit/(Loss) after tax carried to Balance Sheet	(125,521,930)	(68,007,429)
Basic/Diluted Earnings per Share (Refer Schedule 11 Note C 10) (Face value Rs. 10/- per share)	(0.61)	(0.72)

Significant Accounting Policies and Notes to Accounts 11

The schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date attached

For Bansal R.Kumar & Associates

Chartered Accountants

FRN : 08186N

(CA. R.K.Gupta)

Partner

M.No.: 86851



For Union KBC Asset Management Company Private Limited

Director

Jos Huisbosch
Chief Risk Officer

Director

G. Pradeepkumar
Chief Executive Officer

Sagar Gandhi
Company Secretary

Place: Mumbai

Date: 27 APR 2011

Union KBC Asset Management Company Private Limited

Schedules forming part of the Balance Sheet as at March 31, 2011

	As at March 31, 2011 Rs.	As at September 30, 2010 Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
10,00,00,000 Equity Shares of Rs.10/- each	1,000,000,000	1,000,000,000
Issued Subscribed and Paid up :		
95,000,000 Equity Shares of Rs 10/- each	950,000,000	950,000,000
Total	950,000,000	950,000,000
SCHEDULE 2		
RESERVE AND SURPLUS		
Share Premium Account	250,000,000	250,000,000
Total	250,000,000	250,000,000
SCHEDULE 4		
Investments		
Investment in CD's		
Canara Bank CD	228,435,750	-
Sate Bank of Patiala CD	143,429,700	-
Total	371,865,450	-
SCHEDULE 5		
CASH AND BANK BALANCE		
Cash in hand	14	14,032
Balance with Scheduled Banks :		
In Current Account	(1,534,451)	1,812,714
In Fixed Deposit Account	612,380,000	1,079,643,167
Total	610,845,563	1,081,469,913
SCHEDULE 6		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise specified)		
Advances recoverable in cash or in kind or for value to be received	18,164,178	1,446,169
Interest accrued but not received	15,367,820	11,012,400
Security Deposits	34,614,820	33,832,820
TDS Receivable	3,217,442	1,880,991
Total	71,364,260	48,172,380
SCHEDULE 7		
CURRENT LIABILITIES		
Sundry Creditors		
- Dues to Micro and Small Enterprises	-	-
- Other Creditors	608,815	1,154,417
Other Liabilities	6,904,516	3,629,682
Bonus Payable	10,000,000	3,250,000
Total	17,513,331	8,034,099
SCHEDULE 8		
PROVISIONS		
Provision for Gratuity	640,624	153,304
Total	640,624	153,304

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Union KBC Asset Management Company Private Limited
Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule 3: Fixed Assets

(Amount in Rs.)

Particulars	Gross Block			Depreciation			Net Block	
	As on Sep 30, 2010	Additions during the period	Deductions/ Adjustments	As on Mar 31, 2011	As on Sep 30, 2010	For the Period	As on Mar 31, 2011	As on Sep 30, 2010
Intangible Assets								
Software & Decalog	4,211,653	24,611,014	-	28,822,667		2,783,316	2,915,881	4,079,088
Tangible Assets								
Computers	3,846,655	9,860,943	65,832	13,641,766		2,327,713	2,549,248	3,615,141
Office Equipment - Mobile Phones	244,746	59,850	21,049	283,547		12,042	101,631	145,266
Office Equipment - Others	2,923,874	1,034,069	-	3,957,943		519,797	681,536	2,762,135
Furniture & Fixtures	87,550	-	-	87,550		8,731	13,864	82,417
Leasehold Improvements	480,901	333,716	-	814,617		71,185	93,322	458,764
Total	11,795,379	35,899,592	86,881	47,608,090		5,722,784	6,355,482	11,142,811
<i>Previous period</i>	-	11,795,379	-	11,795,379		652,568	652,568	11,142,811



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[Signature]

Union KBC Asset Management Company Private Limited

Schedules forming part of the Profit and Loss Account for the period October 1, 2010 to March 31, 2011

	October 1, 2010 to March 31, 2011 Rs.	December 30, 2009 to September 30, 2010 Rs.
SCHEDULE 9		
EMPLOYEE COST		
Salary, Allowances and Bonus	41,430,390	35,196,251
Contribution to Provident and Other Funds	3,375,653	473,303
Staff Welfare Expenses	582,476	257,009
Total	45,388,519	35,926,563
SCHEDULE 10		
ADMINISTRATIVE & OTHER EXPENSES		
Rent	16,923,699	20,460,252
Electricity Charges	1,154,810	1,244,160
Repairs & Maintenance	756,552	760,039
Travelling & Conveyance	4,431,595	3,365,018
Legal and Professional Fees	4,351,612	5,806,471
Payment to Statutory Auditor's (Refer Schedule 11 Note C 8)	200,000	200,000
Recruitment and Training	2,637,793	1,789,740
Communication Expenses	785,067	806,813
Information Technology Expenses	1,572,949	592,380
Subscription to Databases, Books & Periodicals	945,171	544,965
Marketing and Sales Promotion Expenses	2,710,623	2,566,459
Printing and Stationery	799,285	275,540
Postage & Courier Expenses	113,730	44,791
Insurance Charges	412,766	171,343
Rates and Taxes	250,101	1,359,404
SEBI Filing Fees	2,500,000	-
Brokerage expenses for lease premises	-	847,071
Miscellaneous Expenses	405,920	290,623
Total	40,951,674	41,125,069



Union KBC Asset Management Company Private Limited

Cash Flow Statement for the period ended March 31, 2011

	March 31, 2011 Rs.	September 30, 2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(55,423,775)	(67,402,299)
Add / (Less) : Adjustment for		
Depreciation	5,722,784	652,568
Interest Income	(36,635,522)	(18,809,907)
Investment Income	-	-
Operating Profit/(Loss) before working capital changes	(86,336,513)	(85,559,638)
(Increase) / Decrease in Loans and Advances	(23,191,880)	(48,172,380)
(Increase) / Decrease in Sundry Debtors	-	-
Increase / (Decrease) in Current Liabilities	9,966,552	8,187,403
Cash generated from / (used in) operations	(99,561,840)	(125,544,616)
Income Tax Paid	-	-
Net cash from / (used in) operating activities	(99,561,840)	(125,544,616)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(35,832,581)	(11,795,379)
Proceeds from Sale of Fixed Assets	-	-
Purchase of Investments	(371,865,450)	-
Proceeds from Sale of Investments	-	-
Dividend Received	-	-
Interest Income	36,635,522	18,809,907
Investment Income	-	-
Net cash from / (used in) investing activities	(371,062,509)	7,014,528
C. CASH FLOW FROM FINANCING ACTIVITIES		
Shareholders Capital Subscription	-	1,200,000,000
Dividend Paid	-	-
Tax Paid on Dividend	-	-
Net cash from / (used in) financing activities	-	1,200,000,000
Net Increase / (Decrease) in cash and cash equivalents	(470,624,350)	1,081,469,913
Cash and cash equivalents at the beginning of the Year	1,081,469,913	-
Cash and cash equivalents at the end of the Year	610,845,563	1,081,469,913

As per our report of even date attached

For Bansal R.Kumar & Associates

Chartered Accountants

FRN : 08186N

CA. R.K.Gupta

Partner

M.No.: 86851



For Union KBC Asset Management Company Private Limited

[Signature]

Director

[Signature]

Jos Hulsbosch
Chief Risk Officer

[Signature]

Director

[Signature]

Sagar Gandhi
Company Secretary

[Signature]

G. Pradeepkumar

Chief Executive Officer

Place: Mumbai

Date: 27 APR 2011

Union KBC Asset Management Company Private Limited

Schedule 11: Significant Accounting Policy and Notes to Accounts for the period October 1, 2010 to March 31, 2011

A. BACKGROUND

Union KBC Asset Management Company Private Limited was incorporated as a Private Limited Company on December 30, 2009 under the Companies Act, 1956. The Company's principal activity is to carry on the business of Investment Management or to act as asset/ investment Managers and /or administrators of one or more mutual funds.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Financial Statements are prepared under historical costs convention on accrual basis and are in accordance with the requirements of The Companies Act, 1956 to extent applicable to the company.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions which affect the reported amount of assets and liabilities on the balance sheet date and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. Revenue Recognition

Investment Management Fees are recognized net of service tax on an accrual basis as a percentage of the average daily net assets of the mutual fund schemes (excluding investments made by the Company in the schemes) such that it does not exceed the limit prescribed by the SEBI (Mutual Funds) Regulations, 1996 and any further amendments.

Investment advisory fees are recognized on accrual basis in accordance with the terms of contract with the customer.

Interest income is recognized using the time proportion method, based on the rates implicit in the transaction.

Dividend income is recognized when right to receive is established.



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4. Fixed Assets and Depreciation/Amortization

Fixed Assets are stated at historical cost less accumulated depreciation and impairment loss. Cost comprises of the purchase price and any attributable cost of bringing the asset to the working condition for its intended case. Depreciation on fixed assets (including Leasehold Improvement and related equipment rented) is provided on straight line method, at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956, or based on the estimated useful lives of assets whichever is higher, as applicable. The useful lives as estimated by the management are as follows:

Computers (including Software)	3 years
Office equipments	4 years
Mobile Phones	2 years
Furniture and fixtures	5 years
Intangible Assets	5 years
Motor cars	4 years
Leasehold Improvements	Over the period of lease agreement

Depreciation on addition / deletion during the year is provided for on pro-rata basis.

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of capitalization.

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 assets. If such recoverable amount of the asset 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 Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

6. Investments

Long-term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are valued at the lower of cost and fair/market/redeemable value. The diminution in the value of investments is recognized in the Profit & Loss Account.

7. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the dates of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized 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 rates on that date; the resultant exchange differences are recognized in the profit and loss account.



8. Employment Benefits

- i. Contribution to the recognized Provident Fund, which is a defined contribution scheme is charged to Profit & Loss A/c.
- ii. The Companies policy does not allow employees to encash leave and accordingly no provision for the same is made.
- iii. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation as per AS 15 (Revised) made at the end of each financial year based on the projected unit cost method as done by an independent actuary. Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

9. Preliminary and Pre-operative expenditure

Preliminary expenditure is written off in the same year in which they are incurred.

10. Taxes on Income

Tax expense comprises of current and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet Date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company recognizes that it has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Contingent liabilities where outflow is possible but not probable to the extent not provided are disclosed by the way of note.

Contingent assets are neither recognized nor disclosed in the financial statements.



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C. **NOTES TO ACCOUNTS**

1. Contingent Liabilities as at March 31, 2011 is Nil (September 30, 2010 – Nil).
2. Earnings in foreign Exchange for period ended March 31, 2011 is Nil (September 30, 2010 – Nil).
3. **Expenditure in foreign currency:**

Particulars	March 31, 2011 (Rs.)	September 30, 2010 (Rs.)
Traveling Expenses	72,282	1,92,975
Training Expenses	Nil	49,652
Total	72,282	2,42,627

4. There are no dues to Micro, Small and Medium Enterprises as at the year end. This has been determined on the basis of information available with the Company and relied upon by auditors. The Company has not received any intimation from their vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and therefore no such disclosure under the said Act is considered necessary.

5. **Related Party Disclosures:**

Disclosure as required by Accounting Standard (AS) - 18 "Related Party Disclosures" notified under the Companies (Accounting Standards) Rules, 2006.

a. **List of related parties with whom transactions have taken place and relationships:**

Name of the related party	Relationship
Union Bank of India	Holding Company
Key Managerial Personnel	G. Pradeepkumar, CEO

b. **Transactions during the year with related parties (excluding reimbursement of expenses):**

Name of the related party and nature of transaction	March 31, 2011 (Rs.)	September 30, 2010 (Rs.)
Union Bank of India		
Fixed Deposits	612,380,000	1,079,643,167
Interest Income	21,028,487	1,88,09,907
Payment to Key Managerial Personnel		
G. Pradeepkumar, CEO (Salary and Allowances inclusive of Provident fund and Bonus)	8,546,640	1,45,38,288
Directors Sitting Fees	160,000	40,000



6. Gratuity

The Company has provided for Rs. 640,624 as March 31, 2011 (Rs. 153,304 as at September 30, 2010) provision for Gratuity based on actuarial valuation of present gratuity liability. The Company has obtained actuarial valuation report as per the Accounting Standard 15 – Employee Benefits.

7. Deferred Tax:

The major components of deferred tax assets and liabilities arising on account of timing differences as at March 31, 2011 are as under: -

	March 31, 2011 (Rs.)	September 30, 2010 (Rs.)
On depreciation on fixed assets(Liability)	(2,893,809)	(6,52,501)
On Gratuity Provision (Assets)	197,953	47,371
Net Deferred Tax Assets / (Liability)	(2,695,856)	(6,05,130)

8. Payment to Statutory Auditor's

	March 31, 2011 (Rs.)	September 30, 2010 (Rs.)
As Statutory Auditor's	Rs. 200,000	Rs. 200,000
Others	Rs. Nil	Rs. Nil
Total	Rs. 200,000	Rs. 200,000

9. In the absence of government notification the company has not provided for the cess envisaged in the Section 441A (1) of The Company Act, 1956.

10. Earnings per Share

Basic and Diluted Earnings per Share has been calculated by dividing net Profit/(Loss) after tax for the year by 9,50,00,000 Equity Shares of nominal value of Rs.10 each, being the number of equity share outstanding during the year.

11. Segment Reporting

As per Accounting Standard – 17 "Segment Reporting", the Company's primary business segment is the administering of Mutual Fund Schemes. As the Company has a single primary business segment, the disclosure requirements of AS – 17 in this regard are not applicable. The company's operations being confined to India only, there is no reportable secondary segment.



A handwritten signature in blue ink, consisting of stylized cursive letters.

12. Operating Leases

The company has taken office premises under operating lease. The lease payments recognized in the profit & loss account for the period October 1, 2010 to March 31, 2011 Rs. 16,923,699 (December 30, 2009 to September 30, 2010 - Rs. 20,460,252).

13. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 issued by the Institute of Chartered Accountants of India, in respect of any present obligation as a result of a passed event that could lead to a probable outflow of resources, which would be required to settle the obligation.
14. Advances recoverable in cash or in kind of Rs. 33,531,998 (Schedule 6 Loan & Advances) include Rs. 5,080,565 as CENVAT Input Credit of Service Tax for the year ended March 31, 2011. This includes an amount of Rs. 2,146,494 for the period from April 1, 2010 to September 30, 2010.
15. Figures for the previous period have been regrouped and rearranged wherever considered necessary, in order to make them comparable with those of the Current period.
16. Balance Sheet abstract and Company's business profile are as per annexure attached.

As per our report of even date attached

For **Bansal R. Kumar & Associates**
Chartered Accountants
FRN: 08186N


CA. R. K. Gupta
Partner
M. No: 86851




For **Union KBC Asset Management Company Private Limited**


Director


Director


G. Pradeepkumar
Chief Executive Officer


Jos Hulsbosch
Chief Risk Officer


Sagar Gandhi
Company Secretary

Mumbai,

Date: **27 APR 2011**



Union KBC Asset Management Company Private Limited

Additional information as required under Part IV of Schedule VI to Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile (Part IV)

I. Registration Details :

Registration No.	198201	State Code	11
Balance Sheet Date	31	3	2011
	Date	Month	Year

II. Capital raised during the year (in Rs.'000) :

Public Issue	Rights Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Funds (in Rs.'000) :

Total Liabilities	Total Assets
1,077,174	1,077,174

Sources of Funds :

Paid Up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
950,000	124,478	NIL	NIL

Application of Funds :

Net Fixed Assets	Investment	Net Current Assets	Misc. Expenditure
41,253	371,865	664,056	NIL

IV Performance of Company :

Total Income	Total Expenditure	Profit Before Tax	Profit After Tax
36,639	92,063	(55,424)	(57,515)

Earning per share (in Rs.)

(0.61)

Dividend Rate %

-



V Generic Names of Three Principal Products/Services of the Company (as per monetary terms):

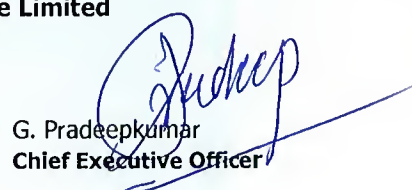
Item Code Number (ITC Code): Not Applicable
 Product Description : Asset Management Company

For Union KBC Asset Management Company Private Limited


 Director

 Jos Hulsbosch
 Chief Risk Officer


 Director

 Sagar Gandhi
 Company Secretary


 G. Pradeepkumar
 Chief Executive Officer

Mumbai,

Date: 27 APR 2011

