

Auditors' Report

To

The Members of JPMorgan Asset Management India Private Limited

1. We have audited the attached balance sheet of JPMorgan Asset Management India Private Limited ('the Company') as at 31 March 2012 and also the statement of profit or loss for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet and the statement of profit or loss dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet and the statement of profit or loss dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012; and
 - b) in the case of the statement of profit or loss, of the loss for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountantsper Surekha Gracias
Partner
Membership No.: 105488

Mumbai, 28 June 2012

S.R. BATLIBOI & CO.

Chartered Accountants

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

Re: JPMorgan Asset Management India Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and as informed, no material discrepancies were identified on such verification.
- (c) During the year, the Company has retired a substantial part of the fixed assets. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the retirement of the said part of fixed assets has not affected the going concern status of the Company.
- (ii) The Company is an asset management company; therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) related to inventory are not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and provision of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system, which is integrated with the JP Morgan Chase Group Internal Audit and is commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products / services of the Company.

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S.R. BATLIBOI & Co.

Chartered Accountants

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

Re: JPMorgan Asset Management India Private Limited ('the Company')

- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are more than 50% of its net worth. The Company has incurred cash losses during the year as well as in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management we are of the opinion that the Company has not taken any loans from financial institutions or banks or issued debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

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S.R. BATLIBOI & Co.

Chartered Accountants

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

Re: JPMorgan Asset Management India Private Limited ('the Company')

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R. Batliboi & Co.

For S.R. Batliboi & Co.

Firm Registration No.: 301003E

Chartered Accountants

Surekha Gracias

per Surekha Gracias

Partner

Membership No.: 105488

Mumbai, 28 June 2012

JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

BALANCE SHEET

(All amounts in Indian Rupees)

	Notes	As at 31 March 2012	As at 31 March 2011
Equities and Liabilities			
Shareholders' Funds			
Share capital	1	1,596,500,000	1,154,500,000
Reserves & surplus	2	(1,196,155,040)	(938,392,645)
		400,344,960	216,107,355
Non-current liabilities			
Other long term liabilities	3	354,822	350,188
Long-term provisions	4	5,933,498	2,082,729
		6,288,320	2,432,917
Current liabilities			
Other current liabilities	5	31,937,190	23,462,453
Short-term provisions	4	22,389,637	21,709,579
		54,326,827	45,172,032
TOTAL		460,960,107	263,712,304
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	6	9,789,812	13,991,485
Capital work-in-progress		331,414	1,304,911
Long-term loans and advances	7	83,045,528	89,137,872
		93,166,754	104,434,268
Current assets			
Trade receivables	8	7,855,463	16,668,527
Cash and bank balance	10	349,583,524	65,216,033
Short-term loans and advances	7	3,970,172	75,386,866
Other current assets	9	6,384,194	2,006,610
		367,793,353	159,278,036
TOTAL		460,960,107	263,712,304

Summary of significant accounting policies 24

The accompanying notes are an integral part of the financial statements

As per our report of even date

Surbathibisil

For S. R. Batliboi & Co.

Firm Registration No.: 301003E

Chartered Accountants

Surekha Gracias

per **Surekha Gracias**

Partner

Membership No.105488

Place : Mumbai

Date : 28 June 2012

For and on behalf of the Board of Directors of
JPMorgan Asset Management India Private Limited

Nandkumar Surti

Nandkumar Surti
Managing Director &
Chief Executive Officer

T. P. Ostwal

T. P. Ostwal
Director

Farrokh Bharucha

Farrokh Bharucha
Company Secretary &
Head - Legal Liaison



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees)

	Notes	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Income			
Investment management fees	11	159,869,492	173,658,119
Other income	12	26,534,006	11,412,493
Total revenue		186,403,498	185,070,612
Expenses			
Personnel expenses	13	227,149,671	197,381,107
Operating and administrative costs	14	210,149,017	182,859,900
Depreciation and amortisation expense	15	6,867,205	22,179,189
Total expenses		444,165,893	402,420,196
Profit/(loss) before tax		(257,762,395)	(217,349,584)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/(loss) for the year from continuing operations		(257,762,395)	(217,349,584)
Earnings per Equity share (nominal value of share Rs.10)			
Basic	16	(1.98)	(2.21)
Diluted		(1.98)	(2.21)
Summary of significant accounting policies	24		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

Subathin S. I. C.

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

Surekha Gracias

per **Surekha Gracias**
Partner
Membership No.105488

Place : Mumbai
Date : 28 June 2012

For and on behalf of the Board of Directors of
JPMorgan Asset Management India Private Limited

Nandkumar Surti
Nandkumar Surti
Managing Director &
Chief Executive Officer

P. Ostwal
P. Ostwal
Director

Farrokh Bharucha
Farrokh Bharucha
Company Secretary &
Head - Legal Liaison



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

1 SHARE CAPITAL

Authorised :

155,000,000 (PY 105,000,000) equity shares of Rs. 10 each
20,000,000 (PY 20,000,000) 5% non-convertible redeemable preference shares of Rs. 10 each

	As at 31 March 2012	As at 31 March 2011
	1,550,000,000	1,050,000,000
	200,000,000	200,000,000
	<u>1,750,000,000</u>	<u>1,250,000,000</u>

Issued, subscribed and fully paid-up :

1,42,475,000 (PY 98,275,000) equity shares of Rs. 10 each fully paid-up
17,175,000 (PY 17,175,000) 5% non-convertible redeemable preference shares of Rs. 10 each fully paid-up

	1,424,750,000	982,750,000
	171,750,000	171,750,000
	<u>1,596,500,000</u>	<u>1,154,500,000</u>

(a) Reconciliation of shares outstanding at the beginning and at the end of the period

Equity Shares

	As at 31 March 2012	As at 31 March 2011
Balance as at the beginning of the year	98,275,000	98,275,000
Add : Shares issued during the year	44,200,000	442,000,000
Balance as at the end of the year	<u>1,42,475,000</u>	<u>98,275,000</u>

Preference Shares

	As at 31 March 2012	As at 31 March 2011
Balance as at the beginning of the year	17,175,000	17,175,000
Add : Shares issued during the year	17,175,000	171,750,000
Balance as at the end of the year	<u>17,175,000</u>	<u>171,750,000</u>

(b) Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

During the year ended 31 March 2012 the company has not declared any dividend. In the event of liquidation of the company the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms attached to 5% Non-convertible redeemable preference shares

17,175,000 (PY 17,175,000) 5% non-convertible redeemable preference shares of Rs.10/- each, fully paid-up, redeemable at the end of twenty years from the date of allotment are held by JPMorgan Asset Management (Asia) Inc., the holding company. Of this, 15,310,000 (PY 15,310,000) shares were issued at par [redeemable at par at the end of 20 years from date of allotment, or earlier at the discretion of the board of directors of the Company, but are not convertible into equity shares at any time] while 1,865,000 (PY 1,865,000) shares were issued at a premium of Rs.90 per share [redeemable at a premium of Rs.90 per share at the end of 20 years from date of allotment, or earlier at the discretion of the board of directors of the Company but are not convertible into equity shares at any time], to JPMorgan Asset Management (Asia) Inc. The dividend on preference shares is non-cumulative.



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

(d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of the equity and preference shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries are as below:

	As at 31 March 2012	As at 31 March 2011
JPMorgan Asset Management (Asia) Inc., holding company		
106,856,250 (PY 73,706,250) equity shares of Rs.10 each fully paid	1,068,562,500	737,062,500
17,175,000 (PY 17,175,000) 5% non-convertible redeemable preference shares of Rs.10 each fully paid	171,750,000	171,750,000
JPMorgan India Private Limited, a fellow subsidiary of JPMorgan Chase & Co.		
35,618,750 (PY 24,568,750) equity shares of Rs.10 each fully paid	356,187,500	245,687,500

The above shares are held in compliance with the order dated March 3, 2006, of the Foreign Investment Promotion Board. The ultimate holding company JPMorgan Chase & Co. does not have any direct holdings in the entity.

(e) Details of shareholders holding more than 5% shares in the company

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of Rs.10 each fully paid				
JPMorgan Asset Management (Asia) Inc., holding company	106,856,250	75%	73,706,250	75%
JPMorgan India Private Limited, a fellow subsidiary of JPMorgan Chase & Co.	35,618,750	25%	24,568,750	25%
Preference shares of Rs.10 each fully paid				
JPMorgan Asset Management (Asia) Inc., holding company	17,175,000	100%	17,175,000	100%

As per the records of the company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

2 RESERVES AND SURPLUS

Securities Premium on the issue of preference shares

	As at 31 March 2012	As at 31 March 2011
Balance as per last financial statements	167,850,000	167,850,000
Closing Balance	<u>167,850,000</u>	<u>167,850,000</u>
Deficit in the statement of profit and loss		
Balance as per last financial statements	(1,106,242,645)	(888,893,061)
Loss for the year	(257,762,395)	(217,349,584)
Net deficit in the statement of profit or loss	<u>(1,364,005,040)</u>	<u>(1,106,242,645)</u>
Total reserves & surplus	<u>(1,196,155,040)</u>	<u>(938,392,645)</u>

3 OTHER LONG TERM LIABILITIES

	As at 31 March 2012	As at 31 March 2011
Retention money payable	337,584	341,038
Others	17,238	9,150
	<u>354,822</u>	<u>350,188</u>

4 PROVISIONS

Provision for employee benefits

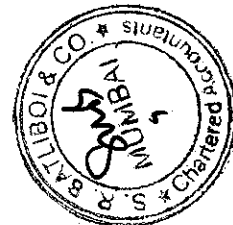
	As at 31 March 2012	As at 31 March 2011	Long Term As at 31 March 2011	Short Term As at 31 March 2011
Provision for gratuity	251,480	502,961		1,426,747
Provision for leave benefits	-	-		2,671,312
Provision for incentive compensation	-	-		15,900,518
Provision for Provident Fund	5,101,886	1,171,209		449,109
	<u>5,253,366</u>	<u>502,961</u>	<u>20,132,533</u>	<u>20,447,686</u>

Other Provisions

Provision for restoration cost	389,292	1,394,781		2,218,748
Provision for rent equalisation	190,840	184,987		38,356
	<u>580,132</u>	<u>1,579,768</u>	<u>2,257,104</u>	<u>48,534</u>
	<u>5,933,498</u>	<u>2,082,729</u>	<u>22,389,637</u>	<u>21,709,579</u>

5 OTHER CURRENT LIABILITIES

	As at 31 March 2012	As at 31 March 2011
Service tax payable	905,880	1,729,481
TDS payable	4,003,475	3,621,539
Profession tax payable	11,600	14,835
Employees provident fund payable	1,072,004	1,137,998
Payable to employees	3,033,524	1,847,341
Expenses payable	16,005,667	13,128,991
Intercompany payable	324,786	721,498
Payable towards capital goods	893,968	1,260,770
Others	<u>31,937,190</u>	<u>23,462,453</u>



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

6 TANGIBLE ASSETS

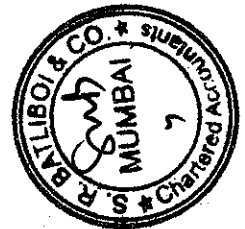
	Computer	Office Equipment	Furniture & Fixture	Leasehold Improvements	Total
Cost or valuation					
As at 1 April 2010	37,050,278	14,581,470	5,799,082	35,608,619	93,039,449
Additions	2,801,920	510,141	-	-	3,312,061
Disposal	-	-	-	2,288,410	2,288,410
As at 31 March 2011	39,852,198	15,091,611	5,799,082	33,320,209	94,063,100
Additions	1,305,442	1,368,120	-	-	2,673,562
Disposal	10,719,274	3,939,973	3,096,326	12,149,543	29,905,116
As at 31 March 2012	30,438,366	12,519,758	2,702,756	21,170,666	66,831,546

	Computer	Office Equipment	Furniture & Fixture	Leasehold Improvements	Total
Depreciation					
As at 1 April 2010	28,134,522	7,448,816	2,889,894	21,707,262	60,180,494
Charge for the year	8,316,489	3,390,715	1,137,311	9,334,674	22,179,189
Disposals	-	-	-	2,288,068	2,288,068
As at 31 March 2011	36,451,011	10,839,531	4,027,205	28,753,868	80,071,615
Charge for the year	2,247,421	2,405,255	252,047	1,962,482	6,867,205
Disposals	10,711,244	3,939,973	3,096,326	12,149,543	29,897,086
As at 31 March 2012	27,987,188	9,304,813	1,182,926	18,566,807	57,041,734

	Computer	Office Equipment	Furniture & Fixture	Leasehold Improvements	Total
Net Block					
As at 31 March 2011	3,401,187	4,252,080	1,771,877	4,566,341	13,991,485
As at 31 March 2012	2,451,178	3,214,945	1,519,830	2,603,859	9,789,812

7 LOANS AND ADVANCES

	Non - current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Security Deposit				
Unsecured, considered good	9,004,719	11,984,099	1,710,880	69,423,432
Doubtful	78,000	9,500	-	-
Provision for doubtful security deposit	9,082,719	11,993,599	1,710,880	69,423,432
	78,000	9,500	-	-
Loans and advances to related parties				
Unsecured, considered good	9,004,719	11,984,099	1,710,880	69,423,432
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	213,928	1,281,485
	-	-	213,928	1,281,485
	-	-	44,200	21,945
	-	-	44,200	21,945



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

Other loans and advances

Advance income tax (net of provision for taxation)

Prepaid expenses

Others

Total (A+B+C+D)

	Non - current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	74,040,809	77,153,773	1,940,473	-
	-	-	60,691	4,372,149
	74,040,809	77,153,773	2,001,164	287,855
	83,045,528	89,137,872	3,970,172	4,660,004
				75,386,866

(D)

8 TRADE RECEIVABLES

Trade receivables

Unsecured, considered good unless stated otherwise

Outstanding for a period exceeding 6 months from the

date they are due for payment

Secured, considered good

Unsecured, considered good

Doubtful

Provision for doubtful receivables

Total

	Non - current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	-	-	7,855,463	16,668,527
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	7,855,463	16,668,527
	-	-	7,855,463	16,668,527

9 OTHER ASSETS

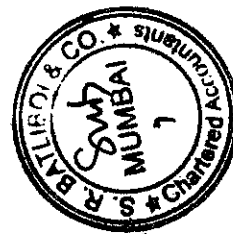
Unsecured, considered good

Interest accrued on Fixed deposits

Service tax input credit

Total

	Non - current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	-	-	5,531,423	-
	-	-	852,771	2,006,610
	-	-	6,384,194	2,006,610
	-	-	6,384,194	2,006,610



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

10 CASH AND BANK BALANCES

Cash and cash equivalents

Balance with banks

- in current account
- deposits with original maturity of less than 3 months
Cash on hand

	Non - current		Current	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	-	-	29,583,524	65,216,033
	-	-	29,583,524	65,216,033
Other bank balances				
Deposits with original maturity for more than 12 months	-	-	10,000,000	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	310,000,000	-
	-	-	320,000,000	-
	-	-	349,583,524	65,216,033

11 REVENUE FROM OPERATIONS

Investment management fees

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
	159,869,492	173,658,119
	159,869,492	173,658,119

12 OTHER INCOME

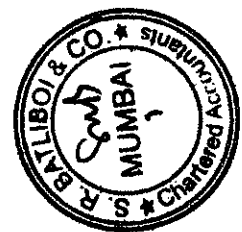
Interest on fixed deposits with banks
Liability no longer required, written back
Miscellaneous income

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
	24,748,984	8,789,650
	-	2,288,068
	1,785,022	334,775
	26,534,006	11,412,493

13 EMPLOYEE BENEFIT EXPENSE

Salaries, wages and incentive
Provident fund expense
Recruitment costs
Gratuity expense
Workmen & staff welfare expenses

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
	208,868,356	186,724,566
	12,894,542	5,973,983
	78,564	25,513
	1,424,197	2,675,266
	3,884,012	1,981,779
	227,149,671	197,381,107



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

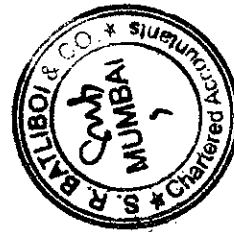
Notes to the financial statements

(All amounts in Indian Rupees)

14 OPERATING AND ADMINISTRATIVE COSTS

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Rent	45,793,959	84,295,929
Insurance	20,151	192,577
Repairs & maintenance		
- Premises	24,475,960	14,149,811
- Computers	1,215,574	2,012,157
- Office equipments	1,960,921	231,568
Marketing & sales promotion	60,271,880	34,313,479
Membership & subscription	555,599	1,352,658
Travel & conveyance	5,196,468	5,407,145
Communication costs	4,468,632	5,418,645
Printing & stationery	2,019,624	1,657,858
Postage & courier	1,291,216	1,098,278
Legal and professional fees	4,921,638	6,457,642
Director's sitting fees	1,360,000	727,500
Auditors' remuneration (refer details below)	1,760,622	1,617,687
Statutory / Regulatory fees	3,937,846	2,266,753
Stamp duty	1,576,992	37,410
Scheme expenses	46,923,671	19,832,092
Provision for sundry deposits	68,500	-
Profit/ Loss on sale of fixed asset	8,031	-
Miscellaneous expenses	2,321,733	1,790,711
	<u>210,149,017</u>	<u>182,859,900</u>

Payment to auditor		
As auditor :		
Audit fee	750,000	750,000
Tax audit fee	200,000	200,000
In other capacity		
Taxation matters	700,000	615,000
Company Law matters	-	-
Management services	-	-
Other services	100,000	50,000
Reimbursement of expenses	10,622	2,687
	<u>1,760,622</u>	<u>1,617,687</u>



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

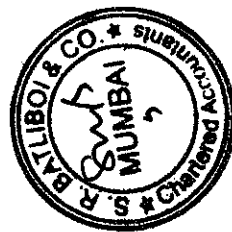
(All amounts in Indian Rupees)

15 DEPRECIATION AND AMORTISATION EXPENSES

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Depreciation of tangible assets	6,867,205	22,179,189
	<u>6,867,205</u>	<u>22,179,189</u>

16 EARNINGS PER SHARE (EPS)

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Total operations for the year		
Loss after taxation available to equity shareholders	(257,762,395)	(217,349,584)
Basic weighted average number of equity shares	129,915,437	98,275,000
Diluted weighted average number of equity shares	129,915,437	98,275,000
Face value of equity shares	10	10
Basic earnings/ (loss) per share	(1.98)	(2.21)
Diluted earnings/ (loss) per share	(1.98)	(2.21)



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

17 GRATUITY AND OTHER POST-EMPLOYMENT BENEFITS

Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @15 days of drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following table summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of Profit or loss	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Net employee benefit expense recognised in the employee cost (gratuity)		
Current service cost	1,260,674	1,088,628
Interest cost on benefit allocation	701,753	475,398
Expected return on plan assets	(483,193)	(330,025)
Net actuarial (gain) / loss recognised in the year	(55,037)	1,441,265
Net benefit expense	1,424,197	2,675,266
Actual return on plan assets	675,617	412,499

Balance Sheet	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Benefit asset / liability		
Present value of defined obligation	10,040,966	8,202,642
Fair value of plan assets	(9,613,808)	(6,272,934)
Plan asset / (liability)	427,158	1,929,708

Changes in the present value of the defined benefit obligation are as follows

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Opening defined benefit obligation	8,202,642	5,148,771
Current service cost	1,260,674	1,088,628
Interest cost	701,753	475,398
Benefits paid	(261,490)	(33,894)
Actuarial (gain) / losses on obligation	137,387	1,523,739
Closing defined benefit obligation	10,040,966	8,202,642

Changes in fair value of plan assets are as follows

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Opening fair value of plan assets	6,272,934	3,792,890
Expected return	483,193	330,025
Contributions by employer	2,926,747	2,101,439
Benefits paid	(261,490)	(33,894)
Actuarial gain / (losses)	192,424	82,474
Closing fair value of plan assets	9,613,808	6,272,934



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

The major categories of plan assets as a percentage of the total plan assets are as follows

	As at 31 March 2012	As at 31 March 2011
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the company's plans are as below

	As at 31 March 2012	As at 31 March 2011
Discount rate	8.40%	7.90%
Expected rate of return on assets	7.50%	7.50%
Employee turnover	20% at 21-30 years 15% at 31-40 years 10% at 41-50 years 5% at 51-59 years	20% at 21-30 years 15% at 31-40 years 10% at 41-50 years 5% at 51-59 years
Salary escalation	10% for first 5 years and 9% thereafter	8% for first year, 10% for next 5 years and 9% thereafter

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation. The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The estimates of the future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four periods are as follows

	As at 31 March 2012	As at 31 March 2011	As at 31 March 2010	As at 31 March 2009	As at 31 March 2008
Defined benefit obligation	10,040,966	8,202,642	5,148,771	2,724,729	2,766,038
Plan assets	9,613,808	6,272,834	3,792,890	2,251,838	433,152
Surplus / (deficit)	(427,158)	(1,929,708)	(1,355,881)	(472,891)	(2,332,886)
Experience adjustments on plan liabilities	453,016	1,578,506	228,852	295,704	307,591
Experience adjustments on plan assets	192,424	82,474	(28,620)	(4,544)	2,356

Provident Fund

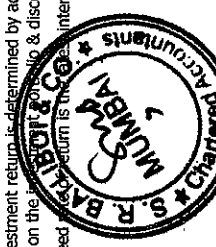
The actuarial valuation for provident fund has been carried out using the Projected Accrued Benefit Method. Under this method the defined benefit obligation is calculated based on the deterministic approach in respect of all accrued and accumulated provident fund contributions as at valuation date

Financial assumptions as at valuation date

	As at 31 March 2012
Discount rate for the term of the obligation	8.40%
Average historic yield on the investment portfolio	6.63%
Discount rate for the remaining term to maturity of the	8.60%
Expected investment return	6.43%
Guaranteed rate of return	8.25%

The discount rate is based on the prevailing market yields of Indian government securities as at 22 March 2012 for the estimated term of the obligation. The average historic yield on the investment portfolio is the expected rate of return on the investment portfolio plan of the provident fund in the previous three years. Expected investment return is determined by adding the yield spread to the discount rate for a term of the obligation, where yield spread is the difference between the average historic yield on the investment portfolio & discount rate for the remaining term to maturity of the investment portfolio.

The guaranteed interest rate declared by the Regional Provident Fund Commissioner to its own subscribers.



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

18 LEASES

Operating lease commitments as lessee

The company has entered into commercial leases on certain properties. These leases have an average life of three years. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows,

	As at 31 March 2012	As at 31 March 2011
Within one year	13,900,040	23,342,776
After one year but not more than five years	14,138,050	19,018,172
More than five years	-	-
	<u>28,038,090</u>	<u>42,360,948</u>

19 RELATED PARTY DISCLOSURES

Name of the related parties

Name of the related parties	Related party relationship
JPMorgan Asset Management Asia Inc.	Holding Company
JPMorgan Chase Bank, N.A. Mumbai Branch	Fellow Subsidiary
JPMorgan Chase Bank N.A., New York	Fellow Subsidiary
JPMorgan India Private Limited	Fellow Subsidiary
JPMorgan Services India Private Limited	Fellow Subsidiary
J.P.Morgan Securities India Private Limited	Fellow Subsidiary
Mr. Christopher Spelman (upto 31 December 2011)	Key Management Personnel
Mr. Nandkumar Surti (w.e.f. 1 January 2012)	Key Management Personnel

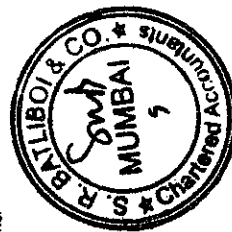
Related party transactions

Reimbursement of shared cost services

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
JPMorgan Chase Bank, N.A. Mumbai Branch	10,933,642	11,780,295
JPMorgan India Private Limited	36,334,405	-
JPMorgan Services India Private Limited	1,457,780	1,270,148
J.P.Morgan Securities India Private Limited	273,960	-
	<u>48,999,787</u>	<u>13,050,443</u>

Infusion of equity share capital

JPMorgan Asset Management Asia Inc.	-
JPMorgan India Private Limited	442,000,000
	<u>442,000,000</u>



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

Notes to the financial statements

(All amounts in Indian Rupees)

Remuneration to key managerial personnel *

Mr. Christopher Spielman	23,141,480	27,545,503
Mr. Nandkumar Surti	3,129,087	-
	<u>26,270,567</u>	<u>27,545,503</u>

Others

JPMorgan Chase Bank, N.A. Mumbai Branch		
: Interest income	24,748,984	8,789,650
: FDs placed during the year	1,410,000,000	110,000,000
: FDs matured during the year	1,090,000,000	380,000,000
: Bank charges	34,404	184,100
JPMorgan Chase Bank N.A., New York		
: Reimbursement on account of Salary Cost of Inbound employee (net)	20,613,322	12,396,160
: Reimbursement on account of purchase of supplies	13,592	-
JPMorgan Services India Private Limited		
: Purchase of Fixed asset	-	509,341
	<u>2,545,410,302</u>	<u>511,879,251</u>

* The amount of managerial remuneration disclosed pertains to the period only for which the position of Managing Director is held.

Balances outstanding payable to/ receivable from related parties

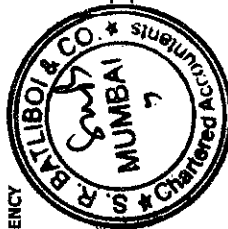
	As at 31 March 2012	As at 31 March 2011
Receivable from related parties		
JPMorgan Chase Bank, N.A. Mumbai Branch		
- Fixed deposits	320,000,000	-
- Interest accrued on fixed deposits	5,531,423	-
- Current account	25,719,618	60,819,656
- Other Receivable	213,928	1,281,484
	<u>351,464,969</u>	<u>62,101,140</u>
Payable to related parties		
JPMorgan India Private Limited	4,748,177	-
JPMorgan Services India Private Limited		
- for services rendered	428,768	212,156
- for purchase of fixed assets	509,341	509,341
JPMorgan Chase Bank N.A., New York		
- reimbursement on account of Salary Cost of Inbound employee	1,161,738	1,089,089
	<u>6,848,024</u>	<u>1,810,586</u>

20 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

There are no dues to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006. This information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

21 EXPENDITURE IN FOREIGN CURRENCY

	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Purchase of supplies	12,164	-
Salary & benefits for inbound employees	23,381,563	19,329,690
	<u>23,393,727</u>	<u>19,329,690</u>



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2012 AND STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees)

22. Corporate Information

JPMorgan Asset Management India Private Limited ('the Company') was incorporated on September 20, 2006. The Company is a subsidiary of JPMorgan Asset Management (Asia) Inc., (JPMAMAI) and ultimate subsidiary of JPMorgan Chase & Co. ('JPMorgan Chase'), the holding company for a group of companies that provide a wide range of products & services to its clients.

The principal objective of the Company is to act as financial advisors, investment managers and investment advisors, and to render financial management, financial consultancy and advisory services. Under the investment management agreement dated December 6, 2006, JPMorgan Mutual Fund India Private Limited ('the trustee company') has appointed the Company to act as investment manager for the schemes launched by JPMorgan Mutual Fund ('the Fund').

23. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

24. Significant accounting policies

a) Change in accounting policy

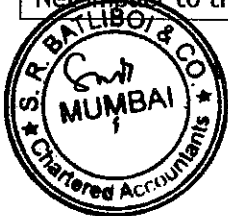
During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for the preparation and presentation of its financial statements. It has a significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous years' figures in accordance with the requirements applicable in the current year.

b) Change in accounting estimate

During the year ended 31 March 2012, the management changed its method of estimating the amount of its liability towards interest shortfall on the provident fund set up by the Company. Till the last financial year, the same was estimated by comparing the rate of interest on the contributions based on its return on investment with the rate declared for the Employees Public Provident Fund by the Government and any shortfall in addition to this contribution was provided for. During the current year, the same has been estimated using Actuarial Valuation techniques.

Had the Company continued to use the earlier basis of making an estimate, the charge to the statement of profit or loss for the current year would have been lower by Rs. 6,273,095 - as given below:

PF interest shortfall as per Trust Financials	0
Liability as per Actuarial valuation report	6,273,095
Net impact to the P&L	6,273,095



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2012 AND STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees)

c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Depreciation is provided, from the month in which the asset is capitalised, on the straight-line method, over the useful life of the asset as estimated by the Management.

Asset type	Estimated useful life of asset
Leasehold improvements	Over the primary lease term
Other Office equipment	5 years
Computers	3 years
Furniture and Fixtures at Mumbai premises	Over the primary lease term
Other Furniture and Fixtures	10 years

No depreciation is provided for the month in which the asset is sold or disposed.

Fixed assets purchased from group entities are capitalised at the written down value and depreciated over the remaining useful life of the assets.

Per the Company policy, items individually costing less than US\$ 1,000 are not capitalised unless as a part of first time capital outlay. Accordingly, items costing less than approximately Rs.50,875 have not been capitalized.

Software costing less than US\$100,000 is fully charged to the statement of profit or loss in the year of purchase. Accordingly software expenses costing less than approximately Rs.5,087,500 have been charged to the profit or loss statement.

d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

e) Revenue recognition

Revenue is recognised when the right to receive payment is established.

Investment management fees are accounted on an accrual basis and are calculated based on the net asset value as recorded by the schemes of the Fund.

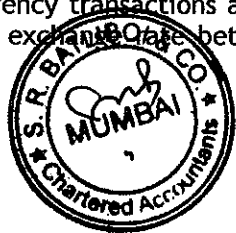
Interest income is accounted on accrual basis.

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

f) Foreign currency transactions

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2012 AND STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees)

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

g) Retirement & employee benefits

Retirement benefits to employees comprise contributions to provident and gratuity fund.

In terms of the Guidance on implementing the revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. The liability towards a defined benefit plan has to be determined by using 'actuarial techniques' as per AS 15. However in the absence of any guidance from the Institute of Actuaries such valuation was not undertaken till the previous financial year. The Institute of Actuaries has recently issued Guidance Note 29 on Valuation of Interest Guarantees on Exempt Provident Funds under AS-15(Revised). Accordingly an actuarial valuation report has been obtained to determine the liability of interest rate guarantee and accounted for on the basis of the same.

The Company provides for gratuity, a defined benefit scheme, under the Comprehensive Gratuity Scheme of Kotak Mahindra Old Mutual Life Insurance. The contribution is based on an actuarial valuation at year end based on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates.

h) Taxation

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

In view of losses, no provision for income tax or deferred tax has been made for the current financial year (PY: Rs. Nil).



JPMORGAN ASSET MANAGEMENT INDIA PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH 2012 AND STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees)

i) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares for the calculation of diluted earnings per share.

j) Provisions

A provision is recognised when an enterprise has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

k) Leases

Operating lease payments for premises taken on lease are recognized as expense in the statement of profit or loss on a straight line basis over the lease term.

25. Previous year figures

Till the year ended 31 March 2011, the Company was using the pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this years' classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it significantly impacts presentation and disclosures made in the financial statements particularly presentation of balance sheet.

26. The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly the Company has complied with the accounting standards as applicable to Small and Medium Sized Company.

As per our report of even date

Surbath. bi. s. h.
For S. R. Batliboi & Co.

Firm Registration No.: 301003E
Chartered Accountants

Surekha Gracias

per Surekha Gracias
Partner
Membership No.105488

For and on behalf of the Board of Directors of
JPMorgan Asset Management India Private Limited

Nandkumar Surti
Nandkumar Surti
Managing Director &
Chief Executive
Officer

T. P. Ostwal
T. P. Ostwal
Director

Farrokh Bharucha
Farrokh Bharucha
Company Secretary &
Head - Legal Liaison

