

Deutsche Asset Management (India) Private Limited

Financial Statements

together with Director's Report and Auditors'
report for the period 21 March 2002 (date of
incorporation) to 31 March 2003

Deutsche Asset Management (India) Private Limited

Financial statement together with Auditors' report

for the period 21 March 2002 (date of incorporation) to 31 March 2003

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Directors' Report

To the Members of

Deutsche Asset Management (India) Private Limited

Your Directors have pleasure in presenting the First Annual Report together with the Audited Accounts for the period from 21st March 2002 (Date of Incorporation) to 31st March 2003:

FINANCIAL RESULTS:

Rs.	
Particulars	Period Ended 31st March 2003
Gross Income	17,618,000
Loss before finance charges and Depreciation	37,772,000
Finance Charges	-
Depreciation	8,82,000
Loss for the Period	36,890,000
Tax	-
Net Loss for the period	36,890,000

As these are the first financial results of the Company, prior year comparatives have not been given.

OPERATIONS:

The Company's principal activity is to act as an investment manager to Deutsche Mutual Fund ('the Fund'). The Securities and Exchange Board of India (SEBI) granted registration to Deutsche Mutual Fund on 28th October 2002. The Company manages investment portfolios of the Fund and provides various administrative services to the Fund and Deutsche Trustee Services (India) Pvt. Ltd. as laid down in the Investment Management Agreement dated 29th May 2002.

The Initial Public Offer (IPO) for the launch of the initial set of four products of Deutsche Mutual Fund opened on 14th January 2003 and closed on 21st January 2003. The four products launched were -

- Deutsche Alpha Equity Fund – an open-ended growth scheme with investment objective to generate long-term capital growth from a diversified portfolio of equity and equity related securities of companies registered in, and/or listed on a regulated market of India
- Deutsche Premier Bond Fund – an open-ended income scheme with investment objective to provide regular income by investing in debt securities including bonds and money market instruments
- Deutsche Insta Cash Plus Fund – an open-ended liquid scheme with investment objective to generate steady returns with high liquidity by investing in a portfolio of short-term, high quality money market and debt instruments, and

- Deutsche Short Maturity Fund – an open-ended income scheme with investment objective to generate steady returns with low to medium market risk for investors by investing in a portfolio of short-medium term debt and money market securities.

The IPO received an excellent response from all classes of investors, and over 2200 applications were received aggregating over Rs.466 Crores. The Funds under Management as at 31st March 2003 stood at over Rs.309 Crores. The Company also launched Deutsche Fixed Maturity Plans on the 26th of March 2003 wherein it received Over 15 Crores in 385 Days Plan. The Fund plans to launch several new products in 2003, and consolidate upon the excellent start made in 2002.

CAPITAL:

Deutsche Asset Management (India) Private Limited ('DeAMC' or 'the Company') was incorporated on 21st March 2002 as a private limited company under the Companies Act, 1956 with a paid up equity share capital of Rs.100,000/-. On 25th June 2002, the Equity Capital was increased to Rs.19,750,000/-. The principal shareholder of the Company is Deutsche Asset Management (Asia) Limited (75%), a company incorporated in Singapore and the balance (25%) is held by United Associates Holding India Private Limited a company incorporated in India under the Companies Act, 1956.

The Company has also issued 2,302,500 3% cumulative redeemable preference shares aggregating to Rs.230,250,000/- to Deutsche Asset Management (Asia) Limited, the holding company, during the period under review.

DIVIDEND:

In the absence of distributable profits, the Directors are unable to recommend any dividend for the period ended 31st March 2003.

DIRECTORS:

Ms. Nimisha J. Sheth and Ms. Leena K. Chacko, the first Directors of the Company resigned with effect from 24th April 2002. Mr. Choy Peng Wah, Mr. Sandeep Dasgupta, Mr. Vijay P. Gokhale, Mr. Kersi M. Gherda, Mr. Rohit Bammi and Mr. Dileep C. Chokshi were appointed Directors with effect from 15th April 2002. Mr. Carl Saldanha was appointed Director with effect from 11th November 2002, in place of Mr. Rohit Bammi who resigned with effect from 11th November 2002.

Mr. Peng Wah Choy and Mr. Sandeep Dasgupta retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

As required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Board of Directors of the Company comprises 50% directors who are not associate of or associated in any manner with, the Sponsor of Deutsche Mutual Fund (Deutsche Asset Management (Asia) Limited) or any of its subsidiaries or the Trustees of Deutsche Mutual Fund.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Director's Responsibilities Statement, your directors based on confirmations from the Operating management state that:

- (i) in the preparation of the annual accounts for the period ended 31st March, 2003, the applicable accounting standards had been followed.
- (ii) accounting policies selected have been applied consistently and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the

Company at the end of the financial period and of the profit or loss of the Company for the period under review.

- (iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (iv) the accounts have been prepared for the financial period ended 31st March, 2003 on a 'going concern' basis.

PUBLIC DEPOSITS:

During the period under review the Company has not accepted any Deposits from the public.

PARTICULARS OF EMPLOYEES:

Particulars of employees required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the Annexure forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOWS:

- (a) As the Company does not have any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217 (1) (e) of The Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.
- (b) Information regarding foreign exchange earnings and outgo is contained in points 15 and 14 of the Notes to the financial statements.

AUDITORS:

M/s Bharat S. Raut & Co., Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting. They have expressed their willingness to continue as Statutory Auditors for the Financial Year 2003-04 and accordingly, a resolution proposing their appointment is being submitted to the ensuing Annual General Meeting

ACKNOWLEDGEMENT:

Your Directors wish to acknowledge the valuable support received from the Central and State Governments, Securities and Exchange Board of India, Bankers, Reserve Bank of India and other Government Agencies. Your Directors are thankful to the shareholders for their faith and continued support in the endeavours of the Company.

Place: Mumbai

For and on behalf of the board

Dated: 1st September 2003

**Sandeep Dasgupta
Director**

**Carl Saldhanha
Director**

Auditors' Report

To the Members of

Deutsche Asset Management (India) Private Limited

We have audited the attached balance sheet of Deutsche Asset Management (India) Private Limited, as at 31 March 2003, and the related profit and loss account for the period from 21 March 2002 (date of incorporation) to 31 March 2003 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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.

Further to our comments in the Annexure referred to above, 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 purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account 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;
- e) On the basis of written representations received from the directors, as on 31 March 2003, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

Auditors' Report (*continued*)

Deutsche Asset Management (India) Private Limited

- f) 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:
- i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2003;
 - ii) in the case of the profit and loss account, of the loss for the period from 21 March 2002 (date of incorporation) to 31 March 2003.

For Bharat S Raut and Co.
Chartered Accountants

Mumbai
1st September 2003

Abizer Diwanji
Partner
(Membership No. 46859)

Deutsche Asset Management (India) Private Limited

Annexure to Auditors' Report – 31 March 2003

With reference to the Annexure referred to in our report of the auditors, to the members of the Company on the financial statements for the year ended 31 March 2003, we report that:

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and location of fixed assets. We are informed that the Company physically verifies its fixed assets once 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 business. In accordance with this policy, the Company has physically verified fixed assets during the period and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the period.
3. According to the information and explanations given to us, the Company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and from/to companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
4. According to information and explanation given to us, no loans or advances in the nature of loans have been given by the Company.
5. In our opinion and in accordance with the information and explanations given to us, the internal control procedures for the purchase of equipment and other assets are commensurate with the size of the Company and the nature of its business.
6. According to the information and explanations given to us, no transactions for purchase and sale of goods, materials and services have been made in pursuance of contracts or arrangements required to be listed in the register required under Section 301 of the Companies Act, 1956 and aggregating during the period to Rs 50,000 or more.
7. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Section 58A of the Companies Act, 1956, and the rules framed there under.
8. In our opinion, the Company is not required to comply with the provisions relating to internal audit function as its turnover does not exceed Rs.2 crores and its opening capital is less than Rs.25 lakhs.
9. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
10. The Company has been regular in depositing Provident Fund dues with the appropriate authorities. We are further informed that the Employees State Insurance Scheme is not applicable to the Company.
11. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty and excise duty which were outstanding at 31 March 2003 for a period of more than six months from the date they become payable.

Deutsche Asset Management (India) Private Limited
Annexure to Auditors' Report – 31 March 2003 (*Continued*)

12. On the basis of our examination of the books of account, and according to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.
14. None of the provisions of any statute applicable to chit fund, nidhi or mutual benefit society are applicable to the Company.
15. Other sub clauses of paragraphs 4(A), 4(B), 4(C) and 4(D) of the said order are not applicable to the Company.

For Bharat S Raut & Co.
Chartered Accountants

Mumbai
1st September 2003

Abizer Diwanji
Partner
(Membership No. 46859)

Deutsche Asset Management (India) Private Limited

Notes to financial statements

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

1 Background

Deutsche Asset Management (India) Private Limited ('DeAMC' or 'the Company') was incorporated on 21 March 2002 as a private limited company under the Companies Act, 1956. The principal shareholder of the Company is Deutsche Asset Management (Asia) Limited (75%), a company incorporated in Singapore and the balance (25%) is held by United Associates Holding India Private Limited a company incorporated in India under the Companies Act, 1956.

The Company's principal activity is to act as an investment manager to Deutsche Mutual Fund ('the Fund'). The Company is registered with Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996. The Company manages investment portfolios of the Fund and provides various administrative services to the Fund and Deutsche Trustee Services (India) Pvt. Ltd. as laid down in the Investment Management Agreement dated 29 May 2002.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The accompanying financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable) and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon the 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. Adjustments as a result of differences between actuals and estimates are prospectively made.

2.2 Revenue recognition

Interest income is accounted on accrual basis.

Asset management fees are recognised on an accrual basis in accordance with terms of contract with Deutsche Trustee Services (India) Pvt. Ltd. subject to SEBI regulations.

Marketing advisory fees are recognised on an accrual basis in accordance with the terms of respective contract.

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged on straight-line basis based on economic life of asset as estimated by management. The depreciation rates used by the Company are higher than the rates prescribed by Schedule XIV of the Companies Act, 1956 as set out below:

Class of asset	Rate of depreciation
Furniture, fixtures and office equipment	10%
Telecommunications Equipment	20%
Motor cars	20%
Computer (Hardware)	25%
Computer (Software)	33%

Leasehold improvements are depreciated over the residual period of the lease.

Assets individually costing upto Rs 5,000 are fully depreciated in the year of purchase.

Depreciation for the entire month is charged in the month in which the asset is purchased. Depreciation for the entire month is charged in the month of sale if the asset is sold after 15th day of the month. Depreciation is not provided for the month of sale if the asset is sold on or before 15th of the month.

2.4 Employee Cost/ Retirement benefits

The Company expenses its contribution to the statutory provident fund made at 12 % of the basic salary of each employee. Provision for gratuity is accounted based on independent actuarial valuation. Provision for superannuation benefit is accounted based on 15 % of basic salary of each employee. The Company is in the process of entering into an agreement with Life Insurance Corporation of India ('LIC') for funding of gratuity liability and superannuation.

2.5 Foreign currency transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing at the dates of the transactions. Current assets and liabilities are translated at the ruling rates of exchange at year-end and resultant unrealised exchange gains or losses are reflected in the profit and loss account.

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

2.6 Initial Public Offer expenses

All expenses relating to initial public offer for 'no load' schemes are charged to profit and loss account in the year in which these are incurred. Similarly, expenses incurred by the Company for initial public offer for 'load' schemes in excess of entry load collected are also charged to the profit and loss account in the year in which such expenses are incurred.

2.7 Preliminary expenses

Preliminary expenses are charged to the profit and loss account in the year in which they are incurred.

2.8 Taxation

The Company provides for income tax based on the liability computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax expense or credit is recognised for future tax consequences attributable to the timing differences between accounting profits and taxable profits. Deferred tax asset and liabilities are measured using the tax rates and laws that have been enacted or substantially 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 asset can be realised, other than deferred tax asset in respect of unabsorbed depreciation and carry forward tax losses, which are recognised only to the extent that there is virtual certainty that they will be realised. The deferred tax assets are reviewed at each balance sheet date for appropriateness of their carrying values.

2.9 Earnings per share

The basic earnings per share is computed by dividing the net loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per shares, only potential equity shares that are dilutive and that increase loss per share are included.

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Deutsche Asset Management (India) Private Limited

Balance Sheet

as at 31 March

(Currency: Indian rupee in Thousands)

	Note	2003
SOURCE OF FUNDS		
Shareholders' funds		
Share capital	3	<u>250,000</u>
Total		<u><u>250,000</u></u>
APPLICATION OF FUNDS		
Fixed assets		
Gross block	4	7,583
Less: Accumulated depreciation		<u>878</u>
Net block		<u>6,705</u>
Current assets, loans and advances		
Cash and bank balances	5	195,807
Sundry Debtors	6	4,447
Loans and advances	7	<u>14,316</u>
		<u>214,570</u>
Less: Current liabilities and provisions		
Current liabilities	8	7,414

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Provisions	9	751
		<hr/> 8,165
Net current assets		206,405
Profit and loss Account		36,890
		<hr/> 250,000
		<hr/> <hr/>

The accompanying notes form an integral part of this balance sheet.

As per our report of even date.

For Bharat S Raut & Co.

Chartered Accountants

For Deutsche Asset Management (India) Private Limited

Abizer Diwanji

Partner

(Membership No. 46859)

Mumbai

1ST September 2003

Sandeep Dasgupta

Director

P R Shenoy

Company Secretary

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Deutsche Asset Management (India) Private Limited

Profit and loss account

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in Thousands)

	Note	21 March 2002 to 31 March 2003
Income		
Interest		11,910
(Includes tax deducted at source Rs.2,013)		
Investment Management Fees		2,534
Marketing Advisory fees		3,174
		<hr/>
		17,618
Expenditure		
Employee costs	10	23,197
Administration and other expenses	11	30,429
Depreciation	4	882
		<hr/>
		54,508
		<hr/>
Loss transferred to balance sheet		36,890
		<hr/> <hr/>

Loss per share (In Rupees)

(Equity shares, face value of Rs.10 each)

- Basic and diluted (Refer Note 17)

24.93

The accompanying notes form an integral part of this profit and loss account

As per our report of even date.

For Bharat S Raut & Co.

Chartered Accountants

For Deutsche Asset Management (India) Private Limited

Abizer Diwanji

Sandeep Dasgupta

P R Shenoy

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Partner

Director

Company Secretary

(Membership No. 46859)

Mumbai

September 2003

Deutsche Asset Management (India) Private Limited					
Notes to financial statements (<i>Continued</i>)					
<i>For the period 21 March 2002 (date of incorporation) to 31 March 2003</i>					
(Currency: Indian rupee in Thousands)					
					2003
3	Share capital				
	Authorised				
	2,000,000 Equity shares of Rs.10 each				20,000
	2,400,000 Preference shares of Rs.100 each				240,000
	(The above Preference shares are non-cumulative and redeemable within maximum period of twenty years.)				
					260,000
	Issued, subscribed and paid up				
	1,975,000 equity shares of Rs. 10 each fully paid up				19,750
	(Of the above 1,481,250 equity shares of Rs.10 each are held by Deutsche Asset Management (Asia) Limited, the holding company.)				
	2,302,500, 3 % Cumulative redeemable preference shares of Rs.100 each				230,250
	(All the above preference shares are held by Deutsche Asset Management (Asia) Limited, the holding company. Redeemable after 20 years from the date of issue).				
					250,000

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in Thousands)

4 Fixed Assets and Depreciation

Description of Asset	GROSS BLOCK			Depreciation			Net Block
	Additions during the period	Deductions during the period	As at 31 March 2003	Charge for the period	Deductions during the period	As at 31 March 2003	As at 31 March 2003
Leasehold Building Improvements	343		343	11		11	332
Furniture, Fixtures and office equipment	2,965		2,965	315		315	2,650
Telecommunications Equipment	990		990	161		161	828
Motor cars	310		310	67		67	243
Computer (Hardware)	1,683		1,669	244		240	1,429
Computer (Software)	1,306	(14)	1,306	84	(4)	84	1,222
					-		
Total	7,597	(14)	7,583	882	(4)	878	6,705

Deutsche Asset Management (India) Private Limited

Notes to financial statements *(continued)*

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Deutsche Asset Management (India) Private Limited			
Notes to financial statements (continued)			
<i>For the period 21 March 2002 (date of incorporation) to 31 March 2003</i>			
(Currency: Indian rupee in Thousands)			
			2003
5	Cash and Bank balances		
	Cash in hand		5
	Balance with scheduled bank		
	- in current account		2,802
	- in fixed deposits		193,000
			195,807
6	Sundry Debtors		
	<i>(Unsecured, considered good and less than six months)</i>		
	Investment Management Fees receivable from Mutual Fund (including service tax)		2,661
	Marketing Advisory fees receivable		1,786
			4,447
7	Loans and advances		
	<i>(Unsecured & considered good)</i>		
	Security deposit		9,500
	Interest accrued on fixed deposits		2,322

Deutsche Asset Management (India) Private Limited

Notes to financial statements *(continued)*

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

	Advance tax		2,013
	Prepaid expenses		481
			14,316
8	Current liabilities		
	Accrued expenses payable		3,564
	Provision for bonus		1,469
	Sundry creditors		2,252
	Other liability		129
			7,414
	On the basis of information available with the Company, none of the sundry creditors are small-scale undertakings.		
9	Provisions		
	Provision for Gratuity and Superannuation		751
			751
10	Employee costs		
	Salaries, bonus and allowances		21,359
	Contribution to provident and other funds		1,279
	Other staff expenses		559
			23,197
	Employee costs includes amounts paid to managerial person (refer Note 16)		
11	Administration and other expenses		

Deutsche Asset Management (India) Private Limited

Notes to financial statements *(continued)*

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

	Service charges		9,110
	Legal and professional charges		5,110
	Scheme related expenses		3,693
	Marketing, advertising and Publicity		2,439
	Travel and Conveyance		1,373
	Recruitment expenses		1,503
	Premises		391
	Auditor's remuneration		
	- Statutory audit fees		152
	- Tax audit fees		49
	Insurance		110
	Entertainment		342
	Market Data services		718
	Communication expenses		684
	Registration, Stamp duty and Filing fees		3,976
	Miscellaneous expenses		779
			30,429

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

12 Services Charges

Service charges includes amount paid for services in respect of human resources, information technology, office infrastructure and controlling functions.

13 Contingent liabilities

There are no capital commitments/ contingent liabilities as at 31 March 2003.

2003

14 Expenditure in foreign currency

Travel	267
Service charges	2,421
	<hr/>
	2,688
	<hr/> <hr/>

15 Earnings in foreign currency

Marketing advisory fees	3,174
	<hr/> <hr/>

16 Supplementary statutory information.

16.1 Managerial remuneration

The contracted remuneration paid to whole-time director for the period ended 31 March 2003 was in excess of the limits specified under Schedule XIII read with Section 198 and Section 309 of the Companies Act, 1956 ('the Act') by Rs 1925. The Company has applied to the Department of Company Affairs ('DCA') for approval of such excess payments. The Company is still awaiting the approval from DCA.

Remuneration paid to whole-time director during the period is given below :

	2003
Salary, bonus and allowances	4,317
Contribution to provident fund and other funds	90
Perquisites	358
	<hr/>
Total	4,765
	<hr/> <hr/>

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

Information relating to managerial remuneration does not include provision for gratuity, which is provided on an overall basis. The information includes value of perquisites as estimated by the management.

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 has not been given as commission by way of percentage of profit for the year is not payable to Directors.

17 Earning per share

In accordance with Accounting Standard 20 on Earnings Per Share issued by the Institute of Chartered Accountants of India, the computation of earnings per share is set out below.

Net Loss [A]	36,890
Weighted average number of equity shares (par value of Rs.10 each) [B]	1,479,999
Loss per share [A]/[B] (Rs.)	24.93

The basic and diluted earnings per shares are the same as there are no dilutive / potential equity shares issued.

18 Schedule VI disclosures

The activities of the Company are not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

19 Transfer Pricing

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

20 Previous year comparatives

There are no previous year's comparatives as the Company was incorporated on 21 March 2003.

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

21 Balance sheet abstract and Company's general business profile

I Registration details

Registration No	2002 PTC 135249	State code	U 65991 MH
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Balance sheet date	31	03	2003
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II Capital raised during the period (Amount in Rupees)

Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private placement	250,000

III Position of mobilisation and deployment of funds (Amount in Rupees)

Total liabilities	250,000	Total assets	250,000
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Source of funds

Paid-up capital	250,000	Reserves and surplus	NIL
Share application money pending allotment	NIL		
Secured loans	NIL	Unsecured loans	NIL

Application of funds

Net fixed assets	6,705	Investments	NIL
Net current assets	206,405	Miscellaneous expenditure	NIL
Accumulated losses	36,890	Deferred tax asset	NIL

Deutsche Asset Management (India) Private Limited

Notes to financial statements (*continued*)

For the period 21 March 2002 (date of incorporation) to 31 March 2003

(Currency: Indian rupee in thousands)

21 Balance sheet abstract and Company's general business profile (*continued*)

IV Performance of the Company (Amount in Rupees thousands)

Turnover	17,618	Total expenditure	54,508
Loss before tax	36,890	Loss after tax	36,890
Loss per share	24.93	Dividend rate	NIL

V Generic names of three principal products/ Services of the Company (as per monetary terms)

Item code No (ITC Code)	Not applicable
Product Description	Asset Management Services
Item Code No. (ITC Code)	Not applicable

For Deutsche Asset Management (India) Private Limited

Sandeep Dasgupta
Director

P R Shenoy
Company Secretary

1st September 2003
Mumbai