

**DEUTSCHE ASSET MANAGEMENT (INDIA) PRIVATE LIMITED  
DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts for the year ended on 31<sup>st</sup> March 2007:

**FINANCIAL RESULTS:**

Particulars	(Rs.in Thousands)	
	Year Ended 31 <sup>st</sup> March, 2007	Year Ended 31 <sup>st</sup> March, 2006
Gross Income	239,017	133,858
Profit (Loss) before Depreciation	(40,005)	(46,301)
Depreciation	(2,316)	(2,069)
Profit (Loss)	(42,321)	(48,370)
Tax (includes deferred tax)	(23,625)*	10,577*
Net Profit (Loss) transferred to Balance Sheet	(65,946)	(37,793)

\* This includes Fringe benefit tax

**OPERATIONS:**

The Company's principal activity is to act as an investment manager to Deutsche Mutual Fund ('the Fund'). The Company manages investment portfolios of the Fund and provides various administrative services to the Fund and Deutsche Trustee Services (India) Pvt. Ltd.

**DIVIDEND:**

Your Directors do not recommend any dividend for the year under review.

**DIRECTORS:**

Mr. Sandeep Dasgupta resigned from the Board of Deutsche Asset Management (India) Private Limited on December 8, 2006. Mr. Vijai Mantri was appointed as an associate Director to fill in the casual vacancy caused by the resignation of Mr Sandeep Dasgupta, on the Board of Deutsche Asset Management (India) Private Limited on January 16, 2007.

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/s of Deutsche Mutual Fund (Deutsche Asset Management (Asia) Limited and Deutsche India Holdings Pvt. Ltd.) 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 the confirmation received from the Operating Management state that:

- (i) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2007, 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 year and of the profit or loss of the Company for the year 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 year ended 31<sup>st</sup> March, 2007 on a 'going concern' basis.

**PUBLIC DEPOSITS:**

During the year 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 point 12.5 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 2007-08 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  
DATED: SEPTEMBER 6, 2007

FOR AND ON BEHALF OF THE BOARD

  
DIRECTOR

  
DIRECTOR



**Deutsche Asset Management (India) Private Limited**

Financial Statements  
for the year ended 31 March 2007  
together with Auditors' report

# Deutsche Asset Management (India) Private Limited

## **Financial statement together with Auditors' report** *for the year ended 31 March 2007*

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## **Auditors' Report**

### To the Members of **Deutsche Asset Management (India) Private Limited**

We have audited the accompanying balance sheet of Deutsche Asset Management (India) Private Limited ('the Company') as at 31 March 2007 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

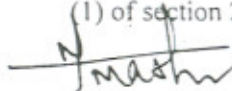
We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

Without qualifying our opinion, we draw attention to schedule 2.3 of the financial statements. For the year ended 31 March 2007, the Company has accumulated losses of Rs. 120 million. The management believes that the Company will be able to operate as a going concern and meet its liabilities as they fall due for payment based on its future plans. Accordingly, these financial statements have been prepared on a going concern basis.

As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the 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:

- (i) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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 the books;
- (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and 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;
- (v) On the basis of written representations received from the directors of the Company as at 31 March 2007 and taken on record by the Board of Directors, we report that none of the Directors are disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

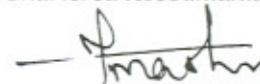


**Auditors' Report (Continued)**

**Deutsche Asset Management (India) Private Limited**

- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in a manner so required and give a true and fair view:
- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2007; and
  - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date;

For **BSR & Co.**  
*Chartered Accountants*



Mumbai  
6 September 2007

**Akeel Master**  
*Partner*  
Membership No: 046768

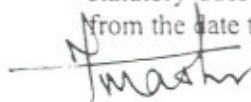
## Deutsche Asset Management (India) Private Limited

### Annexure to Auditors' Report – 31 March 2007

With reference to the Annexure referred to in the Auditors' report to the members of Deutsche Asset Management (India) Private Limited on the financial statement for the year ended 31 March 2007, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has a programme of physical verification of fixed assets by which all fixed assets are verified once in two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.  
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. The Company is a service company, primarily rendering asset management services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
3. According to the information and explanations given to us, we are of opinion that there are no companies, firms or other parties covered in register required under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve the purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into a register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any services rendered by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth tax, Service tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Wealth tax, Service tax, and other material statutory dues were in arrears as at 31 March 2007 for a period of more than six months from the date they became payable



## Deutsche Asset Management (India) Private Limited

### Annexure to Auditors' Report – 31 March 2007 (Continued)

- (b) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Wealth Tax and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has accumulated losses at the end of the financial year which does not exceed fifty per cent of net worth, however it has incurred cash losses in the financial year and in the immediately preceding financial year.
  11. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
  12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
  14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
  15. 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.
  16. The Company did not have any term loans outstanding during the year.
  17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
  18. As mentioned in paragraph (3) above there are no companies/firms/parties covered in the register required to be maintained under section 301 of the Companies Act, 1956.
  19. The Company did not have any outstanding debentures during the year.
  20. The Company has not raised any money by public issues.
  21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **BSR & Co.**  
*Chartered Accountants*



Mumbai  
6 September 2007

**Akeel Master**  
*Partner*  
Membership No: 046768



# Deutsche Asset Management (India) Private Limited

## Balance Sheet

as at 31 March 2007

(Currency: Indian Rupee in Thousands)

	<i>Schedule</i>	2007	2006
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	3	<u>250,000</u>	<u>250,000</u>
		<u>250,000</u>	<u>250,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	4	16,721	12,797
Less: Accumulated depreciation		<u>9,509</u>	<u>7,193</u>
Net block		7,212	5,604
<b>Deferred tax assets</b>		-	21,353
<b>Current assets, loans and advances</b>			
Sundry debtors	5	47,464	11,408
Cash and bank balances	6	132,034	196,068
Loans and advances	7	<u>37,275</u>	<u>42,970</u>
		216,773	250,446
<b>Less: Current liabilities and provisions</b>			
Current liabilities	8	91,438	79,246
Provisions	9	<u>2,086</u>	<u>1,750</u>
		93,524	80,996
<b>Net current assets</b>		123,249	169,450
<b>Profit and loss account</b>		119,539	53,593
		<u>250,000</u>	<u>250,000</u>
<b>Significant accounting policies</b>	2		
<b>Notes to accounts</b>	12		

The accompanying schedules form an integral part of this balance sheet  
As per our report attached

For BSR & Co.  
Chartered Accountants



Akeel Master  
Partner  
Membership No: 046768

For and on behalf of the Board of Directors of  
Deutsche Asset Management (India) Private Limited



Vijai Mantri  
Director



K M Gherda  
Director



Hemanti Wadhwa  
Company Secretary

Mumbai  
6 September 2007

# Deutsche Asset Management (India) Private Limited

## Profit and loss account

for the year ended 31 March 2007

(Currency: Indian Rupee in Thousands)

	Schedule	2007	2006
<b>Income</b>			
Investment management fees (Includes tax deducted at source Rs 9,522, Previous year Rs 5,330)		157,111	85,940
Marketing advisory fees		8,213	5,609
Investment advisory fees - domestic (Includes tax deducted at source Rs 636, Previous year Rs 254)		10,269	3,051
Investment advisory fees - offshore		51,796	24,588
Interest income (Includes tax deducted at source Rs 1,478, Previous year Rs 3,040)		10,588	11,918
Exchange gain (net)		-	1,548
Miscellaneous income		1,040	1,204
		<u>239,017</u>	<u>133,858</u>
<b>Expenditure</b>			
Employee costs	10	90,767	65,202
Administration and other expenses	11	188,255	114,957
Depreciation	4	2,316	2,069
		<u>281,338</u>	<u>182,228</u>
<b>Loss before tax</b>		(42,321)	(48,370)
Provision for current tax		-	-
Fringe benefit tax		(2,272)	(1,231)
Deferred tax		(21,353)	11,808
<b>Loss for the year</b>		(65,946)	(37,793)
Balance in profit and loss account brought forward		(53,593)	(15,800)
<b>Balance in profit and loss account carried forward</b>		<u>(119,539)</u>	<u>(53,593)</u>
<b>Earnings / (loss) per share (In rupees)</b>			
(Equity shares, face value of Rs.10 each, fully paid up)			
- Basic	12.2	(8.75)	(23.08)
<b>Significant accounting policies</b>			
Notes to accounts	2		
	12		

The accompanying schedules form an integral part of the profit and loss account  
As per our report attached

For BSR & Co.  
Chartered Accountants

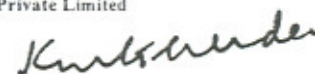


Akeel Master  
Partner  
Membership No: 046768

For and on behalf of the Board of Directors of  
Deutsche Asset Management (India) Private Limited



Vijai Mantri  
Director



K M Gherda  
Director



Hemanti Wadhwa  
Company Secretary

Mumbai  
6 September 2007

# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 1 Background

Deutsche Asset Management (India) Private Limited ('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 India Holding Private Limited (98.02% Previous Year 75%), a company incorporated in India and the balance (1.98% Previous Year 25%) is held by United Associates Holding India Private Limited, a company incorporated in India under the Companies Act, 1956.

As on 21<sup>st</sup> November, 2006, the Company has converted its Preference Share Capital into Equity Shares in the ratio of 1:10, which was held by Deutsche India Holding Private Limited.

The Company acts as an investment manager to Deutsche Mutual Fund (Fund). Further it also provides investment advisory and marketing advisory services to various entities including group entities.

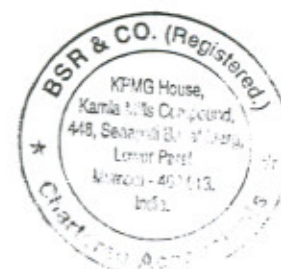
### 2 Significant accounting policies

#### 2.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented 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 the provisions of the Companies Act, 1956.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities on the date of the financial statements. 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 those estimates. Adjustments, if any, are prospectively made.



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 2.3 Going concern

As at 31 March 2007 share capital of the Company is Rs. 250 million and the accumulated losses are Rs. 120 million. Management is currently implementing a plan to increase turnover and improve the financial position of the Company. Management believes that future business plans, new scheme launches and introduction of Portfolio Management Services (PMS), will enable the Company to break even in the coming financial years and if required with financial and operational support from its parent company, the Company will be in a position to settle its obligations as they fall due. Accordingly, the financial statements have been prepared assuming the Company will continue as a going concern.

### 2.4 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition 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 the straight line method pro-rata from the date of purchase, using the following rates which are higher than the minimum rates prescribed under Schedule XIV to the Companies Act, 1956, based on management's estimate of the useful life of fixed assets:

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

Computer software is depreciated over its estimated useful life of 3 years.

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 15<sup>th</sup> day of the month. Depreciation is not provided for the month of sale if the asset is sold on or before 15<sup>th</sup> of the month.

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

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts *(Continued)*

*for the year ended 31 March 2007*

(Currency: Indian rupee in thousands)

### **2.5 Employee cost/retirement benefits**

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account.

The employees of the Company are entitled to receive retirement benefits under the Company's superannuation scheme. Superannuation is a defined contribution plan and is charged to the profit and loss account in the period in which they accrue and is funded with Life Insurance Corporation of India ('LIC').

The Company has provided for gratuity based on the actuarial valuation done by an independent agency.

Leave pay is actuarially determined based on the employee compensation rates for the eligible un-availed leave balance standing to the credit of the employees at the period end and is charged to profit and loss account.

### **2.6 Revenue recognition**

Investment management fees are recognised monthly on an accrual basis, net of service tax, based on the average of daily Net Asset Values of the mutual fund schemes of the Fund in accordance with the terms of contract entered into between the Company and the Board of Trustees of the Fund and is in line with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Marketing advisory fees & Investment advisory fees are recognised on an accrual basis in accordance with the terms of the contracts entered into between the Company and the counterparties.

Interest income is accounted on accrual basis.

### **2.7 Foreign currency transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year, except that exchange differences related to acquisition of fixed assets are adjusted in the carrying amount of the related fixed assets.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the profit and loss account and related assets and liabilities are accordingly restated in the balance sheet except those related to acquisition of fixed assets which are adjusted in the carrying amount of the related fixed assets.



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (*Continued*)

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 2.8 *Scheme related expenses*

Expenses incurred by the Fund over and above the expense limit as specified in the offer document of the scheme are required to be borne by the Company and are disclosed under the head Administrative and general expenses as 'Mutual fund scheme expenses'.

### 2.9 *Leases – operating lease*

Operating lease rentals are recognized over the period of the lease in the profit and loss account on a straight line basis.

### 2.10 *Taxation*

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

#### *Deferred taxation*

The deferred tax charge or credit and the corresponding deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the accounting profits and taxable profits. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

#### *Fringe benefit tax (FBT)*

Provision for FBT has been recognised on the basis of applicable FBT on the taxable value of chargeable expenditure of the Company as prescribed under the Income Tax Act, 1961.

### 2.11 *Earnings per share*

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



# Deutsche Asset Management (India) Private Limited

## **Schedules to Accounts (Continued)**

*for the year ended 31 March 2007*

(Currency: Indian rupee in thousands)

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

### **2.12 Provisions and contingent liabilities**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

as at 31 March 2007

(Currency: Indian Rupee in Thousands)

	2007	2006
<b>3 Share capital</b>		
<b>Authorised</b>		
26,000,000 (Previous year 2,000,000) Equity shares of Rs. 10 each	260,000	20,000
2,400,000 (Previous year 2,400,000), 3 % Cumulative Redeemable Preference Shares of Rs 100 each	240,000	240,000
	<u>500,000</u>	<u>260,000</u>
<b>Issued, subscribed and paid up</b>		
25,000,000 (Previous year 1,975,000) equity shares of Rs. 10 each fully paid up	250,000	19,750
(Of the above 24,506,250 (Previous Year 1,481,250 ) equity shares of Rs. 10 each are held by Deutsche India Holding Private Limited, the holding company.)		
NIL (Previous Year 2,302,500) 3 % Cumulative Redeemable Preference Shares of Rs. 100 each	-	230,250
During the year 2,302,500 , 3% cumulative redeemable preference shares of Rs. 100 each have been converted to 23,025,000 equity shares of Rs. 10 each (All preference shares were held by Deutsche India Holdings Private Limited, the holding company) (Preference shares are cumulative and redeemable within maximum period of twenty years from the date of issue.)		
	<u>250,000</u>	<u>250,000</u>





Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2007

(Currency: Indian Rupee in Thousands)

4 Fixed assets

Description of Asset	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1 April 2006	Addition	(Deductions)	As at 31 March 2007	As at 1 April 2006	for the Year	(Deductions)	As at 31 March 2007	As at 31 March 2007	As at 31 March 2006
<b>Tangible assets</b>										
Furniture, fixtures and office equipment	4,543	2,688	(248)	6,983	1,352	718	(124)	1,947	5,036	3,191
Telecommunications equipment	1,662	426	(67)	2,021	1,089	392	(67)	1,414	607	573
Computer (hardware)	4,918	1,124	-	6,042	3,078	1396	-	4,474	1,568	1,840
<b>Intangible assets</b>										
Computer (software)	1,674	-	-	1,674	1,674	-	-	1,674	-	-
<b>Total</b>	<u>12,797</u>	<u>4,238</u>	<u>(315)</u>	<u>16,721</u>	<u>7,193</u>	<u>2,506</u>	<u>(190)</u>	<u>9,509</u>	<u>7,212</u>	<u>5,604</u>
Previous year	<u>11,522</u>	<u>1,656</u>	<u>(381)</u>	<u>12,797</u>	<u>5,173</u>	<u>2,069</u>	<u>(49)</u>	<u>7,193</u>	<u>5,604</u>	



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

as at 31 March 2007

(Currency: Indian Rupee in Thousands)

	2007	2006
<b>5 Sundry debtors</b>		
<i>(Unsecured and considered good)</i>		
<i>Outstanding for less than six months</i>		
Investment management fees receivable from mutual fund	10,926	5,969
Marketing advisory fees receivable	1,799	1,886
Investment advisory fees receivable	9,685	3,553
Receivables from RREEF, London (refer note 12.12)	20,519	-
	<u>42,929</u>	<u>11,408</u>
<i>Outstanding for more than six months</i>		
Receivables from RREEF, London (refer note 12.12)	-	-
	4,535	-
	<u>47,464</u>	<u>11,408</u>
<b>6 Cash and Bank balances</b>		
Cash in hand	6	6
Balance with scheduled banks		
- in current account	3,822	3,062
- in deposit accounts	128,206	193,000
	<u>132,034</u>	<u>196,068</u>
<b>7 Loans and advances</b>		
<i>(Unsecured and considered good)</i>		
Security and other deposit	889	17,234
Interest accrued on bank deposits	4,803	803
Advance tax (net of provision)	30,313	16,900
Prepaid expenses	1,168	1,365
Other advances	102	6,668
	<u>37,275</u>	<u>42,970</u>
<b>8 Current liabilities</b>		
Service tax payable	1,406	640
Withholding tax payable	171	88
Sundry creditors	18,382	10,522
Accrued expenses payable	71,479	67,996
	<u>91,438</u>	<u>79,246</u>
<p>The Company did not have any outstanding dues to any micro or small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 at any point during the year that were outstanding for a period of more than 45 days from the date of acceptance. (Previous year Nil)</p>		
<b>9 Provisions</b>		
Provision for leave encashment	771	509
Provision for Gratuity	1,315	1,241
	<u>2,086</u>	<u>1,750</u>



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

as at 31 March 2007

(Currency: Indian Rupee in Thousands)

	2007	2006
<b>10 Employee costs</b>		
Salaries, bonus and allowances	82,029	56,464
Contribution to provident and other funds	5,685	3,318
Other staff expenses	3,053	5,420
	<u>90,767</u>	<u>65,202</u>
Employee costs includes amounts paid to managerial person (Refer note 12.1)		
<b>11 Administration and other expenses</b>		
Global overhead charges (refer note 12.7)	62,911	52,514
Repairs and maintenance - others	6,408	5,831
Utilities	24,740	17,730
Legal and professional charges	6,349	1,704
Marketing, advertising and publicity	25,446	1,041
Scheme related expenses	30,596	17,237
Conference expenses	4,833	1,267
Travel and conveyance	6,009	4,315
Printing & stationery	3,064	761
Exchange loss (net)	3,485	-
Membership fees	668	379
Recruitment expenses	5,048	1,188
Rent	501	936
Auditor's remuneration (including service tax)		
- Statutory audit fees	535	533
- Tax audit fees	112	95
- Tax related services	-	45
Directors sitting fees	290	200
Insurance	987	373
Entertainment	634	1,041
Market data services	1,960	1,586
Communication expenses	2,420	1,284
Consultancy fees	463	2,294
Miscellaneous expenses	795	2,602
	<u>188,255</u>	<u>114,957</u>



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 12 Notes to Accounts

#### 12.1 Managerial remuneration

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

	2007	2006
Salary, bonus and allowances	9,933	11,438
Contribution to provident fund and other funds	564	729
Perquisites	-	783
<b>Total</b>	<b>10,497</b>	<b>12,950</b>

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.

#### 12.2 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.

	2007	2006
a) <b>Shareholders earnings</b> (as per profit and loss account)	<b>(65,946)</b>	<b>(37,793)</b>
Less : Dividend on cumulative redeemable preference shares and tax thereon	-	(7,793)
	<b>(65,946)</b>	<b>(45,586)</b>
b) Weighted average number of equity shares (par value of Rs.10 each)		
Number of shares at the beginning of the year	1,975,000	1,975,000
Shares issued during the year (number of shares issued)	230,250,00	-
Total number of equity shares outstanding at the end of the year	25,000,000	1,975,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	7,534,577	1,975,000
c) Basic and diluted earnings per share (in rupees) (a/b)		
Basic and diluted earning per share	(8.75)	(23.08)



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 12.3 Deferred tax assets (net)

The major components of deferred taxes are as follows:

	2007	2006
<u>Deferred tax liability</u>		
Depreciation on fixed assets	(82)	(449)
<u>Deferred tax asset</u>		
Global overheads charges	82	17,871
Provision for bonus	-	3,373
Others	-	558
<b>Net deferred tax asset</b>	<u>-</u>	<u>21,353</u>

Deferred tax assets on timing differences which are expected to reverse in the subsequent period have been recognized to the extent there is reasonable certainty regarding its realisation. Since the Company has carried forward loss under taxation laws, deferred tax assets are not recognised as there is no virtual certainty of realisation of such assets.

### 12.4 Operating leases

The Company had entered into non-cancellable leasing arrangement for vehicles.

The Company charged lease payments in the profit and loss account under the head miscellaneous expenses during the year amounting to Rs. 444 (previous year: Rs. 436 thousand)

The schedule of lease payments for the non-cancellable operating lease is given below:

	Rs. '000	
Particulars	2007	2006
Not later than 1 year	-	421
Later than 1 year but not later than 5 years	-	246

### 12.5 Expenditure in foreign currency

	2006	2006
Global overhead charges	51,247	52,514
Foreign travel	<u>1,051</u>	<u>200</u>
	<u>52,298</u>	<u>52,714</u>



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 12.6 Earnings in foreign currency

	2007	2006
Marketing fees	8,213	5,609
Advisory fees	51,796	24,588
	<u>60,009</u>	<u>30,197</u>

### 12.7 Global overhead charges

Global overhead charges represent payments made by the Company to other Deutsche Bank Group entities for providing business level strategic and supervisory support.

### 12.8 Transfer pricing

The Company has developed a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 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.

### 12.9 Quantitative details

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

### 12.10 Share based payments

The eligible employees of the Company have been granted equity stock options of the ultimate holding company i.e. Deutsche Bank AG under the "Restricted Equity Units Plan ("REU"). As per this scheme, the equity shares vest in a graded manner over a period of 4-5 years. During the year the Company has recognised an amount of Rs.4,940 thousand (Previous year Rs. 1,513 thousands) under employee costs.

### 12.11 Level II Company

The Company is a Level II – "Small and Medium Sized Enterprise"(SME) in accordance with the announcement made by the Institute of Chartered Accountants of India, which is effective of all accounting periods commencing on or after 1 April 2004. Accordingly, the Company is not required to present the Cash Flow Statement, Segment Disclosures and Related Party disclosures as required under the Accounting Standards.



# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts *(Continued)*

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### 12.12 RREEF Receivables

The Company acting as a sub advisor to RREEF offshore funds incurred certain costs in India while providing the sub-advisory services in respect of the offshore Funds proposed investment plans in India. DB London has agreed to support the Company by reimbursing such costs to them.

Accordingly, an amount of Rs.25,054 thousand ( Euro 431,983), as agreed by DB London has been shown as receivable from DB London in the books of the Company.

### 12.13 Schedule VI disclosures

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

### 12.14 Previous year comparatives

Previous year's figures have been regrouped and reclassified wherever necessary to confirm to the current year's presentation.



# Deutsche Asset Management (India) Private Limited

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

### I Registration details

Registration No  State code

Balance sheet date

### II Capital raised during the period (Amount in Rupees thousand)

Public issue	<input type="text" value="Nil"/>	Rights issue	<input type="text" value="Nil"/>
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Bonus issue	<input type="text" value="Nil"/>	Private placement	<input type="text" value="Nil"/>
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### III Position of mobilisation and deployment of funds (Amount in thousand Rupees)

Total liabilities	<input type="text" value="330,996"/>	Total assets	<input type="text" value="330,996"/>
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#### Source of funds

Paid-up capital	<input type="text" value="250,000"/>	Reserves and surplus	<input type="text" value="Nil"/>
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Share application money pending allotment	<input type="text" value="Nil"/>
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Secured loans	<input type="text" value="Nil"/>	Unsecured loans	<input type="text" value="Nil"/>
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#### Application of funds

Net fixed assets	<input type="text" value="7,212"/>	Investments	<input type="text" value="Nil"/>
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Net current assets	<input type="text" value="123,249"/>	Miscellaneous expenditure	<input type="text" value="Nil"/>
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Accumulated losses	<input type="text" value="119,539"/>	Deferred tax asset	<input type="text" value="Nil"/>
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# Deutsche Asset Management (India) Private Limited

## Schedules to Accounts (Continued)

for the year ended 31 March 2007

(Currency: Indian rupee in thousands)

### Balance sheet abstract and Company's general business profile (Continued)

#### IV Performance of the Company (Amount in Rupees thousands)

Turnover	239,017	Total expenditure	281,338
Profit / (Loss) before tax	(42,321)	Profit / (Loss) after tax	(65,946)
Profit / (Loss) per share	(8.75)	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

  
\_\_\_\_\_  
Vijay Mantri  
Director

  
\_\_\_\_\_  
K. M. Gherda  
Director

  
\_\_\_\_\_  
Hemanti Wadhwa  
Company Secretary

Mumbai  
6 September 2007