

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

Financial Statements
for the year ended 31 March 2009
together with Auditors' Report

Deutsche Asset Management (India) Private Limited

Financial statements together with Auditors' Report

for the year ended 31 March 2009

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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 2009 and the profit and loss account and the cash flow statement 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.

As required by the Companies (Auditors' Report) Order, 2003 and amendments thereto (together referred to as the order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ('the Act'), 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 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 the books;
- (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- (v) on the basis of written representations received from the directors of the Company as at 31 March 2009 and taken on record by the Board of directors, we report that none of the Directors are disqualified as on 31 March 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Act; and

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 read with the notes thereon give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For B S R & Co.
Chartered Accountants

Mumbai
25 August 2009

Akeel Master
Partner
Membership No: 046768

Deutsche Asset Management (India) Private Limited

Annexure to Auditors' Report – 31 March 2009

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore, do not affect the going concern assumption.
2. The Company's nature of operations does not require it to hold inventories. Accordingly, paragraph 4(ii) of the Order is not applicable.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/or from companies, firms or other parties covered in the register maintained under section 301 of the Act. 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 the nature of its business with regard to the purchase of fixed assets and sale of services. 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 and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Act.
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 Act, 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, Service tax, Cess 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, Employees' State Insurance, Sales-tax, Wealth tax, Customs duty and Excise duty as at 31 March 2009.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2009 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 2009 (*Continued*)

- (c) According to the information and explanations given to us, there were no dues on account of Cess under section 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been made effective by the Central Government.
10. The Company does not have any accumulated losses as at the end of the financial year and has not 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 funds raised on short-term basis have not been used for long-term investment.
 18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
 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 course of our audit.

For B S R & Co.
Chartered Accountants

Mumbai
25 August 2009

Akeel Master
Partner
Membership No: 046768

Deutsche Asset Management (India) Private Limited

Balance sheet

as at 31 March 2009

(Currency: Indian Rupee in Thousands)

	<i>Schedule</i>	2009	2008
SOURCE OF FUNDS			
Shareholders' funds			
Share capital	3	250,000	250,000
Profit and loss account balance		78,481	-
		<u>328,481</u>	<u>250,000</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	24,531	18,359
Less: Accumulated depreciation		14,021	11,629
Net block		<u>10,510</u>	6,730
Deferred tax assets (net)	<i>13.4</i>	1,162	-
Current assets, loans and advances			
Sundry debtors	5	79,008	83,919
Cash and bank balances	6	242,911	164,916
Loans and advances	7	83,631	58,290
		<u>405,550</u>	307,125
Current liabilities and provisions			
Current liabilities	8	83,338	139,361
Provisions	9	5,403	9,641
		<u>88,741</u>	149,002
Net current assets		316,809	158,123
Profit and loss account		-	85,147
		<u>328,481</u>	<u>250,000</u>
Significant accounting policies	2		
Notes to accounts	13		

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

As per our report attached

For **B S R & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Akeel Master
Partner
Membership No: 046768

Suresh Soni
Director

K. M. Gherda
Director

Mumbai
25 August 2009

Ashutosh Vaidya
Company Secretary

Deutsche Asset Management (India) Private Limited

Profit and loss account

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

	<i>Schedule</i>	2009	2008
INCOME			
Investment management fees		581,272	311,229
[Tax deducted at source Rs. 76,573 (Previous Year Rs 33,183)]			
Marketing advisory fees		13,001	7,746
Investment advisory fees - domestic		36,967	24,395
[(Tax deducted at source Rs. 4,697 (Previous Year Rs 3,309))]			
Investment advisory fees - offshore		44,081	164,368
Other income	<i>10</i>	15,108	8,119
Total		<u>690,429</u>	<u>515,857</u>
EXPENDITURE			
Employee costs	<i>11</i>	125,238	215,603
Administration and other expenses	<i>12</i>	292,955	248,532
Depreciation	<i>4</i>	2,471	2,442
Interest costs		44,122	-
Total		<u>464,786</u>	<u>466,577</u>
Profit before tax		225,643	49,280
Current tax		(57,868)	(10,386)
Fringe benefit tax		(5,309)	(4,502)
Deferred tax charge (net)	<i>13.4</i>	1,162	-
Profit after tax		163,628	34,392
Balance in profit and loss account brought forward		(85,147)	(119,539)
Balance transferred to balance sheet		<u>78,481</u>	<u>(85,147)</u>
Basic and diluted earning per share (in rupees) (equity shares, par value Rs.10 each, fully paid up)	<i>13.2</i>	6.55	1.38
Significant accounting policies	<i>2</i>		
Notes to accounts	<i>13</i>		

The Schedules referred to above form an integral part of the profit and loss account
As per our report attached

For **B S R & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Akeel Master
Partner
Membership No: 046768

Suresh Soni
Director

K. M. Gherda
Director

Mumbai
25 August 2009

Ashutosh Vaidya
Company Secretary

Deutsche Asset Management (India) Private Limited

Cash flow statement

for the year ended 31 March 2009

(Currency: Indian Rupees in thousand)

	2009	2008
A Cash flow from operating activities		
Profit before taxation	225,643	49,280
<i>Adjustments for</i>		
Depreciation	2,471	2,442
(Profit)/Loss on sale of fixed assets	33	544
Interest income on fixed deposits	(12,580)	(5,004)
Operating cash flow before working capital changes	215,567	47,262
<i>Adjustments for</i>		
(Increase)/decrease in sundry debtors	4,911	(36,455)
(Increase)/decrease in loans and advances	(2,015)	(21,015)
Increase/(decrease) in current liabilities	(56,023)	55,245
Increase/(decrease) in provisions	(4,238)	233
Cash generated from operations	158,202	45,270
Income taxes paid	(86,503)	(14,888)
Net cash generated from operating activities - A	71,699	30,382
B Cash flow from Investing Activities		
Interest received	12,580	5,004
Purchase of fixed assets	(6,697)	(2,517)
Proceed from sale of fixed assets	413	13
Net cash generated from investing activities - B	6,296	2,500
C Cash flow from financing activities	-	-
Net cash used in financing activities - C	-	-
Net increase in cash and cash equivalents (A+B+C)	77,995	32,882
Cash and cash equivalents as at the beginning of the year (refer schedule 6)	164,916	132,034
Cash and cash equivalents as at the end of the year (refer schedule 6)	242,911	164,916

As per our report attached.

For **B S R & Co.**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
25 August 2009

For and on behalf of the Board of Directors

Suresh Soni **K. M. Gherda**
Director Director

Ashutosh Vaidya
Company Secretary

Deutsche Asset Management (India) Private Limited

Schedules to financial statements

for the year ended 31 March 2009

(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 Company has obtained registration from the Securities and Exchange Board of India ('SEBI') to function as a Asset Management Company for the Deutsche Mutual Fund "the Fund" with effect from 29 October 2002.

The Company acts as an investment manager to 'the Fund'. Further it also provides investment advisory and marketing advisory services to various entities including group entities.

Deutsche India Holdings Private Limited ('DIHPL'), a company incorporated in India, and its nominees hold 100% of the share capital of the Company.

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 prescribed by Companies (Accounting Standard) Rules, 2006 and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 ('the Act') as adopted consistently by the Company. The financial statements are presented in Indian rupees rounded off to the nearest thousand.

2.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of 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.

2.3 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 and 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 recognised on accrual basis.

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (*Continued*)

2.4 Fixed assets and depreciation

Fixed assets are stated at historical cost less accumulated depreciation. The historical 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 at rates higher than the rates prescribed by XIV to the Act, based on management's estimate of the useful life of fixed assets as given below:

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.

Leasehold improvements are depreciated over the residual period of the lease or over a period of 10 years or over the useful life of the leased assets, whichever is shorter.

Assets purchased and/or sold are depreciated on a pro-rata basis from the month in which they are purchased and/or sold.

Assets individually costing upto Rs.30,000 are fully depreciated in the year of purchase.

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset 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.

2.6 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.

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.

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (*Continued*)

2.7 Retirement benefits

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present value of estimated future cash flows. The discounted rates used for determining the present value are based on the market yield on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the profit and loss account.

Provident fund

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

Leave encashment

The Company provides for its leave encashment liability for its eligible employees, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

Actuarial gains and losses are recognized immediately in the profit and loss account.

Superannuation

Contributions payable towards superannuation fund which is a defined contribution scheme is charged to the profit and loss. During the year, the Company contributes a specified percentage of the eligible employees' basic salary to a fund.

2.8 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.

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (*Continued*)

2.8 Taxation (*Continued*)

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.

2.9 Leases

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account.

2.10 Earnings per share

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

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

2.11 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.

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (*Continued*)

2.11 Provisions and contingent liabilities (*Continued*)

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.

2.12 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 'scheme related expenses'.

Expenses incurred such as advertisement / brokerage expenses on behalf of schemes of the Fund are recognised in the profit and loss account in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

Deutsche Asset Management (India) Private Limited

Schedules to financial Statements (Continued)

as at 31 March 2009

(Currency: Indian Rupee in Thousands)

	2009	2008
3 Share capital		
Authorised		
50,000,000 (Previous year 26,000,000) equity shares of Rs.10 each	500,000	260,000
	<u>500,000</u>	<u>260,000</u>
Issued, subscribed and paid up		
25,000,000 (Previous year 25,000,000) equity shares of Rs. 10 each, fully paid up (25,000,000 (Previous Year 24,506,250) equity shares of Rs.10 each are held by Deutsche India Holdings Private Limited, the holding company and it's nominees.)	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

Deutsche Asset Management (India) Private Limited

Schedules to financial Statements (Continued) as at 31 March 2009

(Currency: Indian Rupee in Thousands)

4 Fixed assets

Description	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at 1 April 2008	As at 31 March 2009	As at 1 April 2008	For the Year Deductions	As at 31 March 2009	As at 31 March 2008
Tangible assets						
Leasehold improvements	-	2,283	-	118	118	-
Furniture, fixtures and office equipment	6,467	6,654	2,634	677	3,310	3,833
Telecommunications equipment	2,289	2,402	1,653	195	1,842	636
Computer (hardware)	7,918	11,369	5,657	1,458	7,043	2,261
Intangible assets						
Computer (software)	1,685	1,823	1,685	23	1,708	
Total	<u>18,359</u>	<u>24,531</u>	<u>11,629</u>	<u>2,471</u>	<u>14,021</u>	<u>6,730</u>
Previous year figures	<u>16,721</u>	<u>18,359</u>	<u>9,509</u>	<u>2,442</u>	<u>11,629</u>	<u>6,730</u>

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

as at 31 March 2009

(Currency: Indian Rupee in Thousands)

	2009	2008
5 Sundry debtors		
<i>(Unsecured and considered good)</i>		
<i>Outstanding for more than six months</i>		
Marketing advisory fees receivable	-	1,883
Investment advisory fees receivable	-	559
<i>Other debts</i>		
Investment management fees	68,842	40,769
Marketing advisory fees receivable	3,076	4,039
Investment advisory fees receivable	7,090	36,669
Sub total	<u>79,008</u>	<u>83,919</u>
6 Cash and Bank balances		
Cash in hand	148	164
Balances with scheduled banks		
- in current account	12,763	4,752
- in deposit accounts	230,000	160,000
	<u>242,911</u>	<u>164,916</u>
7 Loans and advances		
<i>(Unsecured and considered good)</i>		
Security and other deposit	1,625	968
Interest accrued on bank deposits	1,128	224
Advance tax (net of provision)	73,605	50,278
Prepaid expenses	1,416	2,051
Other advances	1,562	742
Cenvat credit receivable	4,296	4,027
	<u>83,631</u>	<u>58,290</u>
8 Current liabilities		
Service tax payable	-	7,996
Withholding tax payable	7,750	194
Sundry creditors	1,709	2,271
Accrued expenses	73,879	128,900
	<u>83,338</u>	<u>139,361</u>
<p>Note: There are no amounts due to small scale industrial undertakings in the previous year. 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>		
9 Provisions		
Provision for leave encashment	551	2,792
Provision for gratuity	-	1,068
Provision for bonus	4,852	5,781
	<u>5,403</u>	<u>9,641</u>

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

	2009	2008
10 Other income		
Interest income	12,580	5,004
[Tax deducted at source Rs.687 (Previous year Rs.968)]		
Exchange gain (net)	-	2,954
Miscellaneous income	2,528	161
	<u>15,108</u>	<u>8,119</u>
11 Employee costs		
Salaries, bonus and allowances	116,352	198,326
Contribution to provident and other funds	8,400	9,096
Staff welfare expenses	486	8,181
	<u>125,238</u>	<u>215,603</u>
Employee costs includes amounts paid to managerial person (Refer note 13.1)		
12 Administration and other expenses		
Global management charges (refer note 13.7)	63,634	83,824
Repairs and maintenance - others	13,760	7,961
Utilities	810	1,191
Legal and professional charges	15,563	7,739
Rates and taxes	7,374	12,685
Marketing, advertising and publicity	2,900	18,888
Scheme related expenses	137,556	39,976
Conference expenses	2,048	1,741
Travelling expenses	3,602	16,239
Printing and stationary	3,416	8,310
Exchange loss (net)	6,985	-
Membership fees	169	2,075
Recruitment expenses	2,015	4,100
Rent (refer note 13.6)	25,999	22,717
Auditor's remuneration (including service tax)		
- Statutory audit fees	513	590
- Tax audit fees	221	197
- Out of pocket expenses	-	-
Directors sitting fees	375	345
Insurance	108	1,314
Communication expenses	4,967	6,486
Operational losses	12	11,034
Miscellaneous expenses	928	1,120
	<u>292,955</u>	<u>248,532</u>

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts

13.1 *Managerial remuneration*

Particulars	2009	2008
Salary, bonus and allowances	11,126	21,537
Contribution to provident fund and other funds	280	375
Total	11,406	21,912

Note: Provision for leave encashment and gratuity is based on actuarial valuation done on an overall Company basis and hence, not included above.

13.2 *Earning per share*

In accordance with Accounting Standard 20 on Earnings Per Share prescribed in the Companies (Accounting Standard) Rules, 2006, the computation of earnings per share is set out below.

	2009	2008
a) Shareholders earnings (as per profit and loss account) (Rs. In thousands)	163,628	34,392
b) Weighted average number of equity shares (par value of Rs.10 each)		
Number of shares at the beginning of the year	25,000,000	25,000,000
Shares issued during the year (number of shares issued)	-	-
Total number of equity shares outstanding at the end of the year	25,000,000	25,000,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	25,000,000	25,000,000
c) Basic and diluted earnings per share (in rupees) (a/b)	6.55	1.38

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

13.3 *Contingent liabilities and Capital Commitment*

Contingent liabilities and capital commitment as on 31 March 2009 amounts to Rs. Nil (Previous year Rs. Nil).

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (*Continued*)

13.4 *Deferred tax asset (net)*

The major components of deferred taxes are as follows:

	2009	2008
<u>Deferred tax asset</u>		
Global management charges – accrued	-	2530
Leave Encashment	187	914
Bonus	1,650	1,965
Gratuity	-	363
Depreciation on fixed assets	-	144
Other accrued expenses	-	267
Sub total	1,837	6,183
<u>Deferred tax liability</u>		
Depreciation on fixed assets	208	-
Gratuity	467	-
Sub total	675	-
Less : Not recognised in the financial statements		(6,183)
Net deferred tax asset	1,162	-

13.5 *Foreign currency transactions*

The Company has undertaken the following transactions in foreign currency:

	2009	2008
Expenditure incurred in foreign currency (on accrual basis)		
Global management charges (refer note 13.7)	54,211	83,824
Travel and conveyance	427	3,892
Legal and professional charges	203	-
Marketing, advertisement and publicity	2,635	-
Repairs and maintenance – others	56	-
Total	57,532	87,716
Income earned in foreign currency (on accrual basis)		
Marketing advisory fees	13,001	7,746
Investment advisory fees	44,081	164,368
Total	57,082	172,114

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (*Continued*)

13.6 *Operating leases*

The Company has taken offices on operating lease. Gross rental expenses for the year ended 31 March 2009 aggregated to Rs. 2,603 (Previous year Rs. 287) which has been included under the head Administration and other expenses – Rent in the profit and loss account.

13.7 *Global management charges*

Global management charges represent payments made by the Company to other Deutsche Bank Group entities for providing business level strategic and supervisory support and have been approved by the Board of Directors.

13.8 *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.

13.9 *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.

13.10 *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.121 thousand (Previous year Rs. 11,462 thousands) under employee costs.

13.11 *Disclosure under Micro, Small and Medium Enterprises Development Act, 2006*

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL.

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (*Continued*)

13.12 Retirement benefits

Gratuity:

The following disclosures have been set out in accordance with the requirements of Accounting Standard 15 (revised 2005) on "Employee Benefits" prescribed by the Companies Accounting Standards Rules, 2006. Actuarial gain resulting into asset has not been recognised.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below

Change in defined benefit obligations as at	31-Mar-09	31-Mar-08
Present value of defined benefit obligations, 1st April	3,845	2,443
Service cost	1,109	1,514
Interest cost	308	248
Benefits paid	-	-
Actuarial (gain)/loss on obligations	(2,820)	(360)
Present value of defined benefit obligations as at 31st March	2,442	3,845

Fair value of the plan assets beginning of the period	2,814	-
Expected return on plan assets	265	-
Contributions	1,364	2,777
Benefits paid	-	-
Actuarial gain (loss) plan assets	(627)	37
Fair value of the plan assets end of the period	3,816	2,814

Cost recognised for the period		
Current service cost	1,109	1,514
Interest cost	308	248
Expected return on plan assets	(265)	-
Actuarial (gain)/loss	(2,193)	(397)
Net gratuity cost	(1,041)	1,365

Actuarial assumptions used		
Discount rate	8% p.a.	8% p.a.
Expected return on plan assets	8% p.a.	8% p.a.
Salary escalation rate	7% p.a.	15% p.a.
Normal Retirement Age	58 Years	58 Years
Attrition rate	15% - age linked	10% - age linked
Mortality rate	LIC (94-96) Ultimate	LIC (94-96) Ultimate
Amortisation of Transitional Obligation	Immediate	Immediate
Amortisation of Actuarial Loss (Gain)	Immediate	Immediate

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (*Continued*)

13.12 Retirement benefits (*Continued*)

a) Discount Rate

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 obligations.

b) Salary escalation rate

The estimates of future salary increases considered taken into account the inflation, seniority, promotion and other relevant factors.

c) Expected return on plan assets

This is based on our expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

13.13 Related parties

The disclosures regarding related parties as required by Accounting standard issued 18 “Related party disclosures” issued by the Companies (Accounting Standards) Rules 2006 are as under:

(A) Names of related parties by whom control is exercised (‘Controlling entities’)

Deutsche Bank AG (and its branches)	Ultimate Holding company
Deutsche India Holdings Private Limited	Holding company

(B) Key management personnel (‘KMP’)

Vijai Mantri, Chief Executive Officer (till 4 April 2008)
Suresh Soni, Chief Executive Officer (from 8 July 2008)

(C) Mutual Fund managed by the Company (‘MF’)

Deutsche Mutual Fund

(D) Fellow subsidiaries with which transactions have taken place during the year:

RREEF India Advisors Private Limited

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (Continued)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (Continued)

13.13 Related parties (Continued)

(E) Transactions with related parties

Nature of Related Party Transaction	For the year ended 31 March 2009			For the year ended 31 March 2008		
	Controlling Entities	MF	Fellow Subsidiary	Controlling Entities	MF	Fellow Subsidiary
Investment management fees	-	581,272	-	-	311,230	-
Marketing advisory fees	13,001	-	-	7,746	-	-
Investment advisory fees - offshore	44,081	-	-	164,368	-	-
Investment advisory fees – domestic	-	-	-	1,780	-	-
Employee costs	-	-	-	882	-	-
Staff welfare	-	-	-	205	-	-
Global management charges	63,634	-	-	83,824	-	-
Repairs and maintenance	11,923	-	-	7,199	-	-
Utilities	715	-	-	1,187	-	-
Legal and professional charges	5,639	-	-	3,736	-	-
Scheme Related expenses	-	102,070	-	-	39,976	-
Rent	21,741	-	-	21,526	-	-
Interest costs	-	43,503	-	-	-	-

(F) Balance outstanding as at 31 March 2009

Nature of outstanding	As at 31 March 2009			As at 31 March 2008		
	Controlling Entities	MF	Fellow Subsidiary	Controlling Entities	MF	Fellow Subsidiary
Sundry debtors	6,957	62,835	3,210	38,314	40,769	2,438
Sundry Creditors	39	-	-	276	-	-
Accrued expenses	71,327	-	-	116,855	-	-

Notes:

- Banking transactions in the normal course of business with related parties have not been considered.
- Refer note 13.1 above for transaction with key management personnel

13.14 Segment Reporting

In the opinion of the management, the Company is mainly engaged in the business of Asset Management Services. Segment information is not required to be disclosed since business segment and geographical segment are insignificant.

Deutsche Asset Management (India) Private Limited

Schedules to financial statements (*Continued*)

for the year ended 31 March 2009

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (*Continued*)

13.15 Interest costs

The company has reimbursed interest cost of Rs. 43,503 thousands to the Fund towards borrowing cost to meet extra-ordinary redemption pressure.

13.16 Disclosure under Part II of Schedule VI of the Companies Act

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

13.17 Previous year comparatives

Previous year figures have been regrouped and rearranged wherever necessary

For Deutsche Asset Management (India) Private Limited

Suresh Soni
Director

K. M. Gherda
Director

Ashutosh Vaidya
Company Secretary

Mumbai
25 August 2009

Deutsche Asset Management (India) Private Limited

(Currency: Indian Rupee in Thousands)

Balance sheet abstract and Company's general business profile

I Registration details

Registration No

2002 PTC 135249

 State code

U 65991 MH

Balance sheet date

31	03	2009
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II Capital raised during the period (Amount in Rupees thousand)

Public issue	Rights issue		
<table border="1"><tr><td>Nil</td></tr></table>	Nil	<table border="1"><tr><td>Nil</td></tr></table>	Nil
Nil			
Nil			

Bonus issue	Private placement		
<table border="1"><tr><td>Nil</td></tr></table>	Nil	<table border="1"><tr><td>Nil</td></tr></table>	Nil
Nil			
Nil			

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

Total liabilities	Total assets		
<table border="1"><tr><td>417,222</td></tr></table>	417,222	<table border="1"><tr><td>417,222</td></tr></table>	417,222
417,222			
417,222			

Source of funds

Paid-up capital	Reserves and surplus		
<table border="1"><tr><td>250,000</td></tr></table>	250,000	<table border="1"><tr><td>78,481</td></tr></table>	78,481
250,000			
78,481			

Share application money pending allotment	
<table border="1"><tr><td>Nil</td></tr></table>	Nil
Nil	

Secured loans	Unsecured loans		
<table border="1"><tr><td>Nil</td></tr></table>	Nil	<table border="1"><tr><td>Nil</td></tr></table>	Nil
Nil			
Nil			

Application of funds

Net fixed assets	Investments		
<table border="1"><tr><td>10,510</td></tr></table>	10,510	<table border="1"><tr><td>Nil</td></tr></table>	Nil
10,510			
Nil			

Net current assets	Miscellaneous expenditure		
<table border="1"><tr><td>316,809</td></tr></table>	316,809	<table border="1"><tr><td>Nil</td></tr></table>	Nil
316,809			
Nil			

Accumulated losses	Deferred tax asset		
<table border="1"><tr><td>NIL</td></tr></table>	NIL	<table border="1"><tr><td>1,162</td></tr></table>	1,162
NIL			
1,162			

Deutsche Asset Management (India) Private Limited

(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	690,429	Total expenditure	464,786
Profit / (Loss) before tax	225,643	Profit / (Loss) after tax	163,628
Profit / (Loss) per share	6.55	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

Suresh Soni
Director

K. M. Gherda
Director

Ashutosh Vaidya
Company Secretary

Mumbai
25 August 2009