

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

**Financial Statements
for the year ended 31 March 2006
together with Auditors' report**

Deutsche Asset Management (India) Private Limited

Financial statement together with Auditors' report *for the year ended 31 March 2006*

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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 2006 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.

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 2006 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;

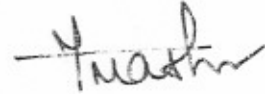
M. N. Mathur

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 2006; 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
30 August 2006

Akeel Master
Partner
Membership No: 046768

Deutsche Asset Management (India) Private Limited

Annexure to Auditors' Report

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 2006, 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 2006 for a period of more than six months from the date they became payable.

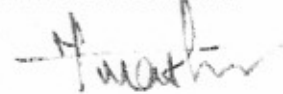
Deutsche Asset Management (India) Private Limited

Annexure to Auditors' Report (*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 not completed five years since incorporation, and hence the provisions of clause (x) of the Order are not applicable to the Company.
 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 course of our audit.

Mumbai
30 August 2006

For BSR & Co.
Chartered Accountants



Akeel Master
Partner
Membership No: 046768

Deutsche Asset Management (India) Private Limited

Balance Sheet

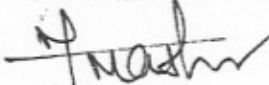
as at 31 March 2006

(Currency: Indian Rupee in Thousands)

	Schedule	2006	2005
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	250,000	250,000
		<u>250,000</u>	<u>250,000</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	12,797	11,522
Less: Accumulated depreciation		7,193	5,173
Net block		<u>5,604</u>	<u>6,349</u>
Deferred tax assets		21,353	9,545
Current assets, loans and advances			
Sundry debtors	5	11,408	19,294
Cash and bank balances	6	196,068	214,506
Loans and advances	7	42,970	28,860
		<u>250,446</u>	<u>262,660</u>
Less: Current liabilities and provisions			
Current liabilities	8	69,224	37,187
Provisions	9	11,772	7,167
		<u>80,996</u>	<u>44,354</u>
Net current assets		169,450	218,306
Profit and loss account (Debit balance)		53,593	15,800
		<u>250,000</u>	<u>250,000</u>
Significant accounting policies	2		
Notes to accounts	12		

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

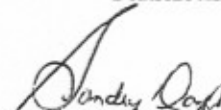
For BSR & Co.
Chartered Accountants



Akeel Master
Partner
Membership No: 046768

Mumbai
30 August 2006

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



Sandeep Dasgupta
Director



K M Gherda
Director



Hemanti Wadhwa
Company Secretary

Mumbai
30 August 2006

Deutsche Asset Management (India) Private Limited

Profit and loss account

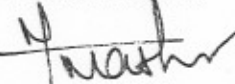
for the year ended 31 March 2006

(Currency: Indian Rupee in Thousands)

	Schedule	2006	2005
Income			
Investment management fees (Includes tax deducted at source Rs.5,330 Previous period Rs.5,242)		85,940	92,688
Marketing advisory fees		5,609	10,500
Investment advisory fees - domestic (Includes tax deducted at source Rs.254 Previous period Rs.62)		3,051	1,840
Investment advisory fees - offshore		24,588	1,674
Interest income (Includes tax deducted at source Rs.3,040 Previous period Rs.1,387)		11,918	9,252
Miscellaneous income		1,204	-
Exchange gain (net)		1,548	843
		<u>133,858</u>	<u>116,797</u>
Expenditure			
Employee costs	10	65,202	48,461
Administration and other expenses	11	114,957	66,946
Depreciation	4	2,069	1,933
		<u>182,228</u>	<u>117,340</u>
Profit / (Loss) before tax		(48,370)	(543)
Provision for current tax		-	(3568)
Fringe benefit tax		(1,231)	-
Deferred tax		11,808	9,545
		<u>(37,793)</u>	<u>5,434</u>
Profit / (loss) for the year		(37,793)	5,434
Balance in profit and loss account brought forward		(15,800)	(21,234)
Balance in profit and loss account carried forward		<u>(53,593)</u>	<u>(15,800)</u>
Earnings / (loss) per share (In Rupees)			
(Equity shares, face value of Rs.10 each, fully paid up)			
- Basic and diluted	12.2	(23.08)	(1.19)
Significant accounting policies			
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

Mumbai
30 August 2006

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



Sandeep Dasgupta
Director

K M Gherda
Director



Namanti Wadhwa
Company Secretary

Mumbai
30 August 2006

Deutsche Asset Management (India) Private Limited

Schedules to Accounts

for the year ended 31 March 2006

(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 India Holding Private Limited (75%), a company incorporated in India and the balance (25%) is held by United Associates Holding India Private Limited a company incorporated in India under the Companies Act, 1956.

Deutsche India Holdings Private Limited, has become the Holding Company of Deutsche Asset Management (India) Private Limited by virtue of the acquisition of 75% of the total Equity share Capital from Deutsche Asset Management (Asia) Limited with effect from 23rd December, 2005.

The Company acts as an investment manager to Deutsche Mutual Fund (Fund). Further it also provides investment advisory and marketing advisory services 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 2006

(Currency: Indian rupee in thousands)

2.3 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for intended use, are capitalized.

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%
Motor Vehicles	20%
Computer (Hardware)	25%

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.

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

Leasehold improvements are depreciated over the residual period of the lease or the useful life of the asset, whichever is earlier.

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.

2.4 Intangible assets

Intangible Assets comprising of computer software costing upto Rs.20 million is fully depreciated in the year of purchase. Computer Software exceeding Rs.20 million is depreciated at over a period of 3 years, being the useful life as estimated by the management.



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (*Continued*)

for the year ended 31 March 2006

(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 provisions of the Payment of Gratuity Act, 1972 in line with the employment contracts executed with its employees. The Company is in the process of entering into an agreement with Life Insurance Corporation of India ('LIC') for funding of gratuity liability.

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. Performance based marketing advisory fees are recognised when they are reasonably determinable. When these are not determinable within reasonable limits, the recognition of revenue is postponed. Such revenue is recognised in the period in which it becomes reasonably determinable.

Interest income is accounted on accrual basis.

2.7 *Foreign currency transactions*

Transactions in foreign currency are recorded at the exchange rate prevailing on the dates of transactions. Exchange differences arising on foreign exchange transactions settled during the year are 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 rates on that date; the resultant exchange differences are recognised in the profit and loss account, 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 2006

(Currency: Indian rupee in thousands)

2.8 Scheme related expenses

Expenses incurred on behalf of schemes of the Fund, are initially charged to the Profit and Loss Account or Account receivable of the Company and are subsequently recovered, to the extent specified in SEBI (Mutual Fund) Regulations, 1996.

Expenses over and above the expense limit for each scheme are required to be borne by the Company and are disclosed under the head Administrative and general expenses as 'Mutual fund scheme expenses'.

The initial issue expenses with respect to all schemes of the Trust launched on a 'no-load' basis have been borne by the Company in the period in which they are incurred. Similarly, expenses incurred by the Company for initial public offers for load schemes in excess of the load collected are also borne by the Company in the period in which the expenses are incurred.

2.9 Leases – operating lease

Leases where the lessor effectively retains all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense, as applicable over the lease period.

2.10 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax

Provision for Income Tax is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with 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 tax

Deferred tax charge or credit and the corresponding liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation 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.



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

for the year ended 31 March 2006

(Currency: Indian rupee in thousands)

2.10 Taxation (Continued)

Fringe benefit tax (FBT)

Provision for FBT has been recognised on the basis of a harmonious, contextual interpretation of the provisions of 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.

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.



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2006

(Currency: Indian Rupee in Thousands)

	2006	2005
3 Share capital		
Authorised		
2,000,000 (Previous year 2,000,000) Equity shares of Rs. 10 each	20,000	20,000
2,400,000 (Previous year 2,400,000), 3 % Cumulative Redeemable Preference Shares of Rs. 100 each (Preference shares are cumulative and redeemable within maximum period of twenty years from the date of issue.)	<u>240,000</u>	<u>240,000</u>
	<u>260,000</u>	<u>260,000</u>
Issued, subscribed and paid up		
1,975,000 (Previous year 1,975,000) equity shares of Rs. 10 each fully paid up (Of the above 1,481,250 equity shares of Rs. 10 each are held by Deutsche India Holding Private Limited, the holding company.)	19,750	19,750
2,302,500 (Previous Year 2,302,500) 3 % Cumulative Redeemable Preference Shares of Rs. 100 each (All preference shares are held by Deutsche India Holdings Private Limited, the holding company and are redeemable within maximum period of twenty years from the date of issue).	<u>230,250</u>	<u>230,250</u>
	<u>250,000</u>	<u>250,000</u>



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2006

(Currency: Indian Rupee in Thousands)

4 Fixed assets

Description of Asset	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1 April 2005	Addition	(Deductions)	As at 31 March 2006	As at 1 April 2005	for the Year	(Deductions)	As at 31 March 2006	As at 31 March 2006	As at 31 March 2005
Tangible Assets										
Leasehold Improvements	378	-	(378)	-	37	10	(47)	-	-	341
Furniture, Fixtures and office equipment	3,359	1,184	-	4,543	974	378	-	1,352	3,191	2,385
Telecommunications Equipment	1,618	44	-	1,662	763	326	-	1,089	573	855
Motor Vehicles	-	-	-	-	-	-	-	-	-	-
Computer (Hardware)	4,508	413	(3)	4,918	1,965	1,115	(2)	3,078	1,840	2,543
Intangible Assets										
Computer (Software)	1,659	15	-	1,674	1,434	240	-	1,674	-	225
Total	<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>	<u>6,349</u>
Previous year	<u>10,151</u>	<u>1,686</u>	<u>(315)</u>	<u>11,522</u>	<u>3,428</u>	<u>1,933</u>	<u>(188)</u>	<u>5,173</u>	<u>6,349</u>	



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2006

(Currency: Indian Rupee in Thousands)

	2006	2005
5 Sundry Debtors		
<i>(Unsecured and considered good)</i>		
<i>Outstanding for less than six months</i>		
Investment Management Fees receivable from Mutual Fund	5,969	5,984
Marketing advisory fees receivable	1,886	6,876
Investment advisory Fees Receivable	3,553	3,514
	<u>11,408</u>	<u>16,374</u>
<i>Outstanding for more than six months</i>		
Marketing advisory fees receivable	-	2,920
	<u>11,408</u>	<u>19,294</u>
6 Cash and Bank balances		
Cash in hand	6	6
Balance with scheduled banks		
- in current account	3,062	-
- in deposit accounts	193,000	214,500
	<u>196,068</u>	<u>214,506</u>
7 Loans and advances		
<i>(Unsecured and considered good)</i>		
Security and other deposit	17,234	17,021
Interest accrued on bank deposits	803	2,607
Advance tax (Net of Provision)	16,900	6,612
Prepaid expenses	1,365	2,223
Other Advances	6,668	97
Due from Deutsche Trustee Services (India) Private Limited	0	300
	<u>42,970</u>	<u>28,860</u>
(Maximum amount due from Deutsche Trustee Services (India) Private Limited during the year :Nil (previous period :Rs 300 thousand)).		
8 Current liabilities		
Service tax payable	640	559
Book overdraft	-	3,054
Withholding Tax Payable	88	37
Sundry creditors	10,522	7,087
Accrued expenses payable	57,974	26,450
	<u>69,224</u>	<u>37,187</u>
There are no amounts payable to small scale undertakings as on 31 March 2006 (Previous year Nil)		
9 Provisions		
Provision for Leave Encashment	509	411
Provision for Gratuity and Other funds	1,241	1,019
Provision for bonus	10,022	5,737
	<u>11,772</u>	<u>7,167</u>



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2006

(Currency: Indian Rupee in Thousands)

	2006	2005
10 Employee costs		
Salaries, bonus and allowances	56,464	42,195
Contribution to Provident and other funds	3,318	3,744
Other staff expenses	5,420	2,522
	<u>65,202</u>	<u>48,461</u>
Employee costs includes amounts paid to managerial person (Refer note 12.1)		
11 Administration and other expenses		
Global overhead charges(refer note 12.8)	52,514	23,341
Repairs and maintenance - others	5,831	4,255
Utilities	17,730	9,450
Legal and professional charges	1,704	1,358
Marketing, advertising and publicity	1,041	123
Scheme related expenses	17,237	12,901
Conference expenses	1,267	1,736
Travel and conveyance	4,315	4,488
Membership fees	379	575
Recruitment expenses	1,188	266
Rent	936	725
Auditor's remuneration (including service tax)		
- Statutory audit fees	533	523
- Tax audit fees	95	83
-Tax related services	45	44
- Out of pocket expenses	-	19
Insurance	373	348
Entertainment	1,041	728
Market data services	1,586	1,169
Communication expenses	1,284	1,418
Consultancy fees	2,294	135
Miscellaneous expenses	3,564	3,261
	<u>114,957</u>	<u>66,946</u>



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

for the year ended 31 March 2006

(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:

	2006	2005
Salary, bonus and allowances	11,438	6,852
Contribution to provident fund and other funds	729	246
Perquisites	783	760
Total	<u>12,950</u>	<u>7,858</u>

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.

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.

	2006	2005
a) Shareholders earnings (as per profit and loss account)	(37,793)	5,434
Less: Dividend on cumulative redeemable preference shares and tax thereon	(7,793)	(7,793)
	<u>(45,586)</u>	<u>(2,359)</u>
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)	-	-
Total number of equity shares outstanding at the end of the year	1,975,000	1,975,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	1,975,000	1,975,000
c) Basic and diluted earnings per share (in rupees) (a/b)	(23.08)	(1.19)

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



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

for the year ended 31 March 2006

(Currency: Indian rupee in thousands)

12.3 Deferred tax assets (net)

The major components of deferred taxes are as follows:

	2006	2006
Deferred tax liability		
Depreciation on fixed assets	(449)	(700)
Deferred tax asset		
Global Overheads Charges	17,871	7,857
Provision for Bonus	3,373	1,931
Others	558	457
Net deferred tax asset	21,353	9,545

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. Deferred tax assets in respect of unabsorbed depreciation and losses carried forward amounting to Rs 1,514 and Rs.6,514 respectively (Previous year Rs. NIL and Rs. NIL) have not been recognised due to a lack of virtual certainty of its realisation.

12.4 Operating leases

The Company has 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. 436 thousand (previous year: Rs. 369 thousand)

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

	Rs. '000	
Particulars	2006	2005
Not later than 1 year	421	421
Later than 1 year but not later than 5 years	246	632

12.5 Expenditure in foreign currency

	2006	2005
Global overhead charges	52,514	23,341
Foreign travel	200	188
	52,714	23,529



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued) for the year ended 31 March 2006

(Currency: Indian rupee in thousands)

12.6 Earnings in foreign currency

	2006	2005
Marketing fees	5,609	9,796
Advisory fees	24,588	1,673
	<u>30,197</u>	<u>11,469</u>

12.7 Marketing advisory fees

The performance based fees for marketing advisory services which are computed and receivable annually have not been accrued in the current year, as the same could not be reasonably determined. These fees are computed by the counterparty and intimated to the Company. The Company accounts for such fees when it receives intimation in respect of the same from the counterparty.

12.8 Global overhead charges

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

12.9 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.

12.10 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.



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

for the year ended 31 March 2006

(Currency: Indian rupee in thousands)

12.11 Contingent liabilities

Arrears of dividend on 3% cumulative redeemable preference shares (including tax thereon) as at March 31, 2006 amount to Rs. 29,334 (previous year Rs.21, 542).

12.12 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 Rs1,513 thousands under employee costs.

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"/>
Bonus issue <input type="text" value="Nil"/>	Private placement <input type="text" value="Nil"/>

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"/>
Share application money pending allotment <input type="text" value="Nil"/>	
Secured loans <input type="text" value="Nil"/>	Unsecured loans <input type="text" value="Nil"/>

Application of funds

Net fixed assets <input type="text" value="5,604"/>	Investments <input type="text" value="Nil"/>
Net current assets <input type="text" value="169,450"/>	Miscellaneous expenditure <input type="text" value="Nil"/>
Accumulated losses <input type="text" value="53,593"/>	Deferred tax asset <input type="text" value="21,353"/>



Deutsche Asset Management (India) Private Limited

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

IV Performance of the Company (Amount in Rupees thousands)

Turnover	133,858	Total expenditure	182,228
Profit / (Loss) before tax	(48,370)	Profit / (Loss) after tax	(37,793)
Profit / (Loss) per share	(23.08)	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



K. M. Gherda
Director



Hemanti Wadhwa
Company Secretary

Mumbai
30 August 2006

